

JPRS-WER-84-073

14 June 1984

West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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CODENE SEEKS NONALIGNED DESTABILIZED EUROPE

Paris LIBERATION in French 14 May 84 p 6

/Article by Carlos de Sa Rego/

/Text/ At CODENE's initiative, pacifist movements in Europe (independent of the Communist movement) are on the rebound, after the failure of their 1983 campaign. The Germans have proposed a debate with the French left on a new "Ostopolitik."

It has been a busy weekend for the Committee for Nuclear Disarmament in Europe (CODENE), which is a group comprising members of the French peace movement, separate from Communist Party members. The colloquium entitled "What defense for what Europe?" did not aspire to find a definitive answer to a question of this sort, but the participation of representatives of the movement in Germany, Great Britain, Spain, Italy and the Netherlands made it possible to take stock of current thinking among non-aligned European "pacifists," after deployment of the first Pershing 2's on the old continent.

During conversations, it became quite clear that the failure of the 1983 peace movements to prevent deployment of American missiles in Europe had caused substantial changes in "pacifist" thinking.

Apocalyptic speeches or the exaggerations of strictly technological and military analyses are no longer in fashion. No longer are they painting scenarios of nuclear warfare or counting the numbers of military hardware on each side: the "post-Pershing" peace movements first want to tackle major international policy issues on the European continent.

The appearance of peace movements in Eastern countries independent of their governments, and the experience of the Solidarity Party in Poland have obviously played a central role in this shift of the pacifist movement to major policy issues. The pacifists in fact reject the fatality of the theory of groups which condemn Eastern European people to eternal Soviet domination.

CODENE rejects the lack of realism and the ineffectiveness of the policy advocated by those who, like Ronald Reagan, "want to liberate the East, either by military threats or by economic pressure." As one of the speakers on denuclearized zones said, "in the West, only the peace movements are concerned about having a true policy toward the East." And, to advocate that "pacifists in the East and the West should coordinate their efforts to trap the major European powers (...), could result in a 'Finlandization' of Eastern Europe."

This solidarity among independent pacifists of the East has led the movements in Western Europe to reject the idea of a "European defense system"--in the form of a "stronger second pillar" of NATO or of an "independent" defense system. In documents of an excellent quality and very moderate in tone, CODENE explains its reasons for rejecting a "third West-European block" which would solidify Europe's division. But, it also says that "the desire to fight the dangers of war and any escalation of the arms race does not mean that we are seeking at any cost a situation of 'detente' which would mask all kinds of injustices and oppression on both sides of the line of demarcation."

In fact, peace movements are beginning to base their approach on "upsetting the status quo," which would lead to a "non-aligned Europe," that would be neither pacifist nor neutralist, but one that would defend its own interests. A sort of European patriotism, extending from Portugal to Poland. In this context, what would be needed would be defense policies "which would minimize the dangers inherent in disrupting the status quo." Sylvie Mantrant, director of CODENE, defined the new role of the peace movement as follows: "get discussions going on the non-alignment of Europe."

CODENE's colloquium was also the occasion of an initiative by the West German peace movement towards their French counterparts. Erhard Eppler, a member of the board of the Social Democrat Party (SPD), Jo Leinen, president of "Citizens' Initiatives," and Alfred Mechtersheimer, director of the Institute for Research on Peace in Starnberg, came to present a "proposal to the French Left for a debate on Europe's peace policy, on the occasion of the European parliamentary elections."

Troubled over the image of the German movement in France and the attacks on it by French intellectuals, the "German Left" decided to clarify its position on French defense policy and to open a debate on the "unspoken issues" which have been poisoning any dialogue between the two banks of the Rhine. "The nuclear enthusiasm in France and the nuclear allergy in Germany will eventually pose security problems for all of Europe," Jo Leinen said. He also said that "the German Left has accepted the division of Germany into two states, but that this is only tolerable in an atmosphere of peaceful cooperation" with the East.

Appealing to the historical responsibility of the French and the German Left, the proposal puts forward the idea of a sort of second "Ostopolitik" on a European scale, with a view to making both eastern and western European countries, as well as the two super-powers, "partners in a collective security system."

9805

CSO: 3519/333

BRIEFS

FRG 'GREENS' FINANCE FRENCH 'GREENS'--The West German ecologist party has decided to grant a \$55,000 credit without interest to their French colleagues to finance their campaign for the European elections. This aid was granted at the request of the French "Greens," who are practically out of funds. The German ecologists may recover part of this money, thanks to the refund of election campaign expenses, to which all parties obtaining at least one percent of the vote are entitled in the FRG. /Text/ /Paris LE FIGARO MAGAZINE in French 5 May 84 p 144/ 9805

CSO: 3519/333

DKP FRONT GROUPS CONSOLIDATE HOLD ON PEACE MOVEMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 May 84 p 12

[Article by Georg Paul Hefty: "SS 20s Are Condoned and Forgotten; DKP Groupings Control the 'Peace Movement'"]

[Text] COLOGNE. 7 May. Was it the last action conference for the "Peace Movement?" At any rate, the 700 activists parted without agreeing upon a future meeting or even setting a date. The consensus was insufficient to come to such an agreement. Yet nobody wanted to leave entirely without prospects either. A mass action, such as a human chain from Hamburg to Munich or something similar, is definitely to be held in 1985, according to the exhortations of high powered speakers, such as Leinen, managing director of the Federal Citizen's Action Group for Environmental Protection. May 5th of that year is the 30th anniversary of West Germany's entry into NATO and 8 May the 40th anniversary of the end of the war in Europe.

The prospect of a new entry in the Guinness Book of World Records is a welcome diversion for all involved from the realization that they really cannot stand each other--so much so that the coming actions are obviously suffering because of it. On 17 June, the Day of German Unity and the date for the European elections, a referendum is supposed to be held. Personnel has been found for only a fourth of the planned polling stations. The movement, which once came forward with an allegedly 5 million signatures in support of the now forgotten Krefeld Appeal and with more than 1 million demonstrators last fall, is unable to fill 40,000 positions in order to give the population the chance of expressing an opinion against new armaments. Many persons who consequently deny Leinen a contributing role in the campaign primarily associated with his name have other qualms than those of Parliamentary State Secretary Spranger from the Ministry of the Interior, who on the eve of the action conference referred to the entire affair as unconstitutional. Spranger's attack was unanimously condemned in Cologne as showing a "limited understanding of democratic principles and of constitutional government." At least on this point SPD member Leinen was also aided by those who even take aim at a "democratic from the bottom up" interpretation of the Constitution.

The surest expression in the fall action plan of non-compliance with the Constitution lies in the announcement of "Days of Resistance from 22-24 November." This campaign had already been agreed upon at the same location in February. The coordinating committee, now as before the nerve center of the

movement, is collecting signatures in support of the following personal oath: "In view of the stationing of Pershing 2 and cruise missiles and the development of new offensive military strategies within NATO, I hereby refuse to cooperate in any way in war preparations. Even now I declare that even in a 'war emergency' I will resist all orders requiring my conscription into military or civilian units active in the preparation of waging of wars."

This text reflects the view of the so-called Independents and of many pacifists with a Christian outlook, but in particular it reflects the views of the conscientious objector's organizations, the German Peace Society (DFG/VK), in which the DKP also plays a part. DKP groupings of all hues are also concerned about preventing this campaign from going too far; it could have a questionable educational effect upon youth in the socialist countries. The Independents need not take any such precautions. For this reason, their most famous member, former Frankfurt Local Council Director Schubarth, was able to declare: "If I say yes to resistance, then I also say yes to undermining the military effort in our own country."

Also patterned entirely according to the spirit of the Independents is the September action "Disrupt the Maneuvers and Human Net in the Fulda Gap," with a parallel action slated to take place in Hildesheim. They want to use the action to say: "We cannot accept that people in both East and West are threatened with destruction by NATO; we accept just as little the destructive systems of the Warsaw Pact which threaten us." This effort to disrupt the maneuvers also did not meet with the approval of the pedagogically trained DKP representatives, who at this action conference also were headed by Peter Dietze. As a consequence, the fall schedule does not refer to "disrupting the maneuvers," but only equivocally to "actions during the fall maneuvers," for its formulations indeed bore the mark of DKP front groups including the Kofaz circle (Committee for Peace, Disarmament, and Cooperation). This schedule was accepted by a large majority at the close of the conference. The rhythmic applause from the well-organized DKP block was also evidence of their gladness that the ecclesiastical "Peace Weeks" had been relegated to the background.

In the sense of the Easter March tradition, the Kofaz circle was successful in Cologne in securing approval for its concept of having many medium-sized, widely dispersed events. In this way, not only is the competence of the coordinating committee restricted, in which the DKP group is a minority, but from the very start the door is also left open for creative arithmetic in arriving at the number of participants.

The "Resolution in regard to Soviet Armaments Measures" should be viewed as one of the most important decisions of the conference. The report had been worked out in the coordinating committee and accepted with 11 of 20 possible votes--with no votes cast in opposition. Otherwise, there were only 5 abstentions, among them the Greens, Action Reconciliation, and "Women for Peace." Again and again, speakers of varying hue praised the number of concessions wrested from the DKP groups. The latter were confident of themselves, however, and were also a decisive factor in the concluding approval by the conference. This report is a success for the DKP--even if only at second glance--although it had to accept the limitation that the document reflect the current state of a discussion not yet concluded.

A "policy of strength" on the part of the "U.S. and NATO" is clearly branded as the "chief cause of the arms race and the related risk of war." "The Soviet Union participates in this arms race. Even though Soviet armament on a global scale is a reaction to the policy of military superiority, the armaments measures of the WVO (Warsaw Pact Organization)--in particular the deployment in the CSSR and the GDR of new operative-tactical nuclear missiles of increased range--contributes to the destabilization of the situation, that is, they cause uncertainty." This does indeed contain a reproach, but emphasis is also laid on the fear of war. On this basis, a desire is also then formulated: "Because every new nuclear weapons system has a destabilizing effect, we demand: A halt to the stationing of medium-range Pershing 2 and cruise missiles, dismantling of the missiles of this type already stationed in West Europe, and removal of the Soviet SS 22s and SS 23s."

Because this document was made binding upon the movement, for the first time the DKP groups have succeeded in creating a diversion: Christians, Independents, Social Democrats, and Greens accepted the fact that the Soviet SS 20 missiles were not mentioned and were not named as a component of the arms race. The "Peace Movement" has apparently condoned and forgotten the SS 20s.

12412

CSO: 3620/314

FOREIGN MINISTER VAYRYNEN AT SOVIET SOCIETY ON KEKKONEN ROLE

Helsinki UUSI SUOMI in Finnish 7 Apr 84 p 10

[Text] In the opinion of the minister of foreign affairs, Center Party chairman Paavo Vayrynen, the recent discussion over President Urho Kekkonen's policy has been bewilderingly ambiguous. Vayrynen presented his views on Friday at a joint Communist Party of the Soviet Union-Center Party Friendship, Cooperation and Mutual Assistance seminar in Helsinki.

"By resorting to an investigation of Kekkonen's policy and also negative examples, we have even beforehand been given to understand and public notice has been made of the direction which the outcome of the investigation will take," Vayrynen said.

"Perhaps this can be explained by the fact that the promoters of the discussion met at the proper time to come up with a fringe issue, like President Kekkonen, among the different factions. Has the time come to break the deadlock now?" he asked.

Vayrynen remarked that the Friendship, Cooperation and Mutual Assistance Pact is a concrete example of what can be achieved if the country's foreign policy leaders dare, if necessary, to act contrary to the opinion of the majority of the nation, indifferent to it and even "autocratically."

Vayrynen said that he has now and then been asked why we talk so much about the Friendship, Cooperation and Mutual Assistance Pact and the need for nursing relations of trust between Finland and the Soviet Union. Vayrynen said that his answer to this was that these relations are good, even exceptional.

"But international policy does not stand still. Something new is always happening. Anyone who, following Paasikivi's advice, takes the trouble to look at the map, at where Finland is located, will understand why it's important for us to take good care of our relations with the Soviet Union and to first and foremost actively pursue development — efforts to reduce tension. We cannot, nor can we permit ourselves to become a piece of aimless driftwood in the mainstream of international events," he went on.

11,466

CSO: 3617/145

CONSERVATIVE DAILY DISCOUNTS KIVISTO THREAT ON CP TIES

Helsinki UUSI SUOMI in Finnish 10 Apr 84 p 2

[Editorial: "Only a Theoretical Threat"]

[Text] SKDL [Finnish People's Democratic League] chairman Kalevi Kivisto is threatening that the People's Democrats will break off with the Communists and organize themselves into an independent party if the so-called Stalinists gain control over the SKP [Finnish Communist Party]. In the same interview, however, Kivisto said that such a possibility was only theoretical. Namely, the SKP moderates secured their position in the party congress elections that have now been concluded, even during the nomination of candidates phase; all so-called third-liners and fence-sitters, who wanted to cooperate with the Stalinists, were dropped from the tickets.

When the SKDL was founded, after the war, they intended it to be a cover organization for several parties. Under the protection of this cover, the plan was to shift the nation to a People's Democratic model for the SKP. The idea did not, however, work in Finland and the SKP has remained the only real member party of the SKDL. The artificial Social Unity Party died as early as the start of the 1950's.

In its present form the SKDL has performed major services for the SKP. It would never have been able to capture a fourth of the vote for the extreme Left in Finland, as happened in 1958, under the Communist emblem. The SKDL's mission has primarily been to serve as a vote-getter for the Communists.

While the SKDL has more members than the SKP, SKP members occupy most of the posts in the SKDL executive organs. And while most SKDL members do not belong to the SKP, it is only an extremely rare representative in the SKDL parliamentary delegation who does not have an SKP membership card.

While Kivisto does maintain that the creation of an independent SKDL is only a theory, such a party's chances of survival would be just as theoretical. Although there are a lot of non-SKP members in the SKDL, the so-called SKDL socialists' attempts to organize themselves have shown that they would mainly succeed in putting together a small group of intellectuals. That is not enough to found a party. Earlier examples here and elsewhere — the fate of the TPSL [Workers and Small Farmers Social Democratic League] — show that there is no room for them to exist between the SCP [Social Democratic Party] and the Communists.

If, however, we extend Kivisto's theorizing, we can imagine a "Scandinavization" of support for the extreme Left in particular as a result of a break [between the SKP and the SKDL]. Before long we would have a communist party insignificant in terms of parliamentary strength to the Left of the SDP.

But that is based on theorizing. In practice, the extreme Left will probably continue its dispute along the same lines as before after the party congress in May as well. The only thing that will change is the decline in support that will continue to occur and has occurred for years now as recorded by the opinion polls.

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CSO: 3617/145

HARRI HOLKERI ON CONSERVATIVE PARTY POLITICS, FOREIGN POLICY

Helsinki UUSI SUOMI in Finnish 9 Apr 84 p 10

[Article by Anders Blom: "Harri Holkeri: The Next Few Years Will Be a Time of Rehabilitation; 'I'm Not Quitting Politics Yet'"]

[Text] "I don't want to give in to the 'Black Hundred.' I cannot accept the idea of giving up in a situation in which the fight is not over.

"The capital's political climate needs to be stabilized so that value may again be placed on taking a stand on public tasks as a service in building up the nation and its well-being.

"We must be able to restore people's reputation for being honest regardless of party attitude. The next few years will be a time of rehabilitation.

"Creating tactical difficulties is not one of my ways of doing things. I've had to suffer from this, but have gotten a lot out of life precisely by presenting my opinion openly."

These are Harri Holkeri's ideas as "father" of the capital. They are endowed with experience, with consistency, but they are also charged with human feeling. There is an electric aura in Harri Holkeri's Bank of Finland office; neither ideology, party attitude nor personal political ambitions now direct the feeling of energy given off by Holkeri.

He has made his decision. In October 1984 he will be ready to command the country's largest number of votes in communal candidate elections for the people of Helsinki to judge, to compare.

"We must view the period we are facing as a difficult one, but as an interesting challenge to turn the focus of political debate toward the future. We must go to the substance of politics, something we have unfortunately paid too little attention to," said Harri Holkeri, favored as a candidate in the local elections.

"The Nation's Fateful Hour Made a Leader Out of Paasikivi"

Pondering the situation at the Bank of Finland, Holkeri was not at that moment speaking as a Conservative, as a master in the race among the parties, but as a man who bears responsibility for Helsinki. "Every period has its own leaders. I don't believe that a type of leader like Paasikivi will in our time be chosen as a leader. The nation's fateful hour made him one," Holkeri mused.

The core of his line of thought entered the domains of democracy and Finnish case law. He was sick of, thoroughly regretted and had all but lost his faith in "people's potential for honor" when, having persuaded the heads of the Subway Review Committee after many attempts at persuasion and pleas, he saw the facts mutilated in the name of freedom of speech and democracy.

"I had to endure this too. A judicial murder was being committed in which the disparagement of an opponent became a pawn in the game of politics. It was the most unpleasant job of my life," Holkeri lashed out like a boat hook into floating timber.

"An Ordinary Councilman Is Like an Airline Passenger. Holkeri Is the Captain of the Aircraft."

Holkeri has served as chairman of the municipal council for nearly a council term. It is useless to imagine that there might be some other city in the nation to which Holkeri would now find time and have the heart to devote his time. There is only one Finnish capital, Helsinki, which is internationally known as the forerunner of detente, reciprocity and cooperation. "The opportunity to serve national goals makes the job rewarding and challenging," said Holkeri, who has completely abandoned party politics.

A highly-regarded city official tellingly described the effective Holkeri's importance as chairman of the municipal council. "He's like the captain of an airplane. None of the passengers whosoever — that is, of the ordinary councilmen — would be in his shoes, even if they had amassed the necessary number of flying hours.

"What is important to the 10-billion machine is that major decisions are produced on schedule and without any great risks. After all, once empowered, Satakunta is a swiftly shifting crowd and, to keep them on a steady course, a strong leader is needed. Therein lies Holkeri's importance. It is hard to imagine that someone else could take over the reins," the official characterized the situation.

"A Leader Does Not Look to the Gallup Polls, He Creates a State of Affairs"

The object of all sorts of public berating and tormenting, in Holkeri's time the Helsinki Council carried out its routine in routine fashion. The caravan proceeded, the dogs barked.

There is a Kekkonen-like leader in Holkeri. There are a lot of people who hand out advice. Faced with a decision, but particularly after it, Holkeri has always been alone.

Nor can we imagine him going round here and there seeing how the land lies for political decisions. He raises the flag high on the flagpole, drags people along with him and, if need be, punches a decision through the wall to get it confirmed. For him the Gallup polls never have anything to report but the prevailing state of affairs. Predicting a future state of affairs is not part of his philosophy. He wants to create a state of affairs or at least decisively influence it.

But Holkeri has, nevertheless, disappointed his council in some respects. "Parliament's rules of procedure after all require a representative to behave in a dignified way. This is not mentioned in the council's rules of procedure, but I don't, however, believe that is a reason for dignity's occasionally.... Too often they say no — some councilmen have completely forgotten. That leads the discussion into unimportant matters. The debate that many desire is not produced," Holkeri said.

In Holkeri's opinion, stabilization of the capital's political climate is one of the most important tasks of the next few years. "From a national standpoint, it is absolutely necessary. I don't want to resort to the scandal mongering that has now poisoned the political atmosphere and personal relations with reference to the subway. These matters must be settled in a businesslike and thorough manner, but we must absolutely get away from settling them in such a way that they would become a sort of "Black Hundred" hobby horse.

"Change Must Be Accepted. History Knows No Two Identical Situations."

In his time Europe's youngest conservative leader, he still has the drive that made a Conservative Party with a youth component of 21 percent out of one with a youth component of 14 percent. Holkeri demands acceptance of change and its comprehension.

"At any rate, we spend too much time staring at the technical problems of the politics of the 1970's. Today the parties are selling the same merchandise. People are looking for alternatives, but have to buy the same daily proposals from the parties. That's not good," Holkeri pondered.

"I can't abandon growth and the pursuit of growth. Abandoning growth is like stifling willpower. But in spite of this, there is a lot of truth in the Greens' way of thinking," Holkeri turned his gaze toward the future.

"No issue is ever completely dealt with, even though the chairman of a municipal council claims that to be the case when the discussion of an issue is concluded. On the contrary: Difficulties and reflections follow precisely because of this. It's an endless business," Holkeri said.

"That's why the causal relations between people and nature ought to be understood. If a human being does not decide, nature decides. It's just the emphasis on these causal relations that unite me and the Greens. I'd like to contribute more to this discussion," Holkeri especially encouraged Helsinki youths.

Holkeri's ideas are creating a future climate. It would be a mistake to regard Holkeri, the local elections candidate, as merely the adamant head of the Conservative Party. It has not aroused his fighting spirit. As a candidate, Holkeri must be considered to be an alternative that will stabilize Helsinki politics in contrast with the "Black Hundred," who draw on past grudges.

11,466

CSO: 3617/145

RURAL PARTY'S DECLINE IN RECENT POLLS VIEWED

Helsinki UUSI SUOMI in Finnish 16 Apr 84 p 2

[Commentary by Jukka Knuuti]

[Text] Many enough people say that we should not go ahead and decide on anything on the basis of the results of sporadic opinion polls. That is true. But if we compare all of the polls published since the last elections with one another, perhaps we can see something.

The most interesting point is the development of support for the SMP [Finnish Rural Party]. Since the party had received 9.7 percent of the vote in the elections a year ago, an opinion poll published in June reported that support for the SMP had risen to 10.5 percent. And perhaps that was not unexpected either. Pekka Vennamo and Urpo Leppanen were appointed as the first SMP ministers just when the poll interviews were being conducted. These bosses received most preponderantly favorable results in the form of interviews and personal accounts.

The party really seemed to be moving up fast. In July its support was measured at 12.2 percent and likewise in October. In July support for the SMP was 0.2 percent less than the SKDL's popularity and only 0.1 percent less in October. Miracles appeared to be occurring.

But the series of newspaper articles and radio and television programs in which they demanded of Labor Minister Urpo Leppanen: "Six months have passed, but unemployment has not been reduced. Why?" had not yet had time to effect the October opinion poll.

According to the poll published in January, no more than 10.1 percent would have voted for SMP candidates if there had been elections then. And then too, those news items through which the SMP could at the latest join the ranks of the parties of scandal-involved bosses had not yet had time to affect that figure. Chairman Pekka Vennamo was on a trip to Hawaii with his family, a free Finnair auditor's trip, as the newspapers suspected. As for party secretary Urpo Leppanen, he had gotten a surprise divorce. Only a couple of weeks before, the Leppanen family still appeared in the women's magazines as an idyllic family, when actually everything was over and done with at the courthouse in

Luumaki. Linked with the affair, there were in addition rumors of perjury and, what was perhaps worst of all, uncertainty as to whether Leppanen's place of residence was Helsinki or Luumaki. During the divorce proceedings, he said that he had been living in Helsinki the past couple of years, but had notwithstanding collected per diem allowances as a member of Parliament.

In February support dropped further to no more than 9.4 percent. And the SMP just continued to go down the broad path of the old party. The party put more stones in the hands of its critics by demanding, and getting as well, a director's post at the Finnish Broadcasting Corporation in the distribution of political plums.

The 9.4 percent it had in February was lower than the 9.7-percent vote haul it obtained in the elections. But the trend merely seems to be continuing. Published last week, the latest poll, based on interviews conducted in March, gives the SMP a popularity rating of no more than 8.3 percent.

When the SMP got into the government, people suspected that it possibly could retain its support for a relatively long time. Since it was believed that the party's supporters were on the average the country's least-educated people, by whom a knowledge of political events would also most slowly be acquired.

But things have nonetheless turned out differently. The party's supporters have kept their sights on their own interests and reached conclusions, even while their own bosses have started to turn into scandal-involved bosses like the others.

11,466
CSO: 3617/145

IDEOLOGY OF PCF PARTICIPANTS IN NATIONAL ECOLOGY MOVEMENT

Paris AUTRES MONDES in French 8 Dec 83 pp 7-9

[Text] "Submarines, freshly repainted green, are resurfacing in the electoral lagoon. For someone with a poor command of political language, a 'submarine' is an ordinarily submerged militant who resurfaces when needed, even in enemy waters if necessary." This was how journalist Jean Carlier, an adviser to the journal ECOLOGIE (No. 349), began an article entitled "The Ecologists."

In a few lines, Mr Jean Carlier expressed his amazement at the establishment of a real driving force of the Communist Party [PC], the National Opposition Movement for the Environment [MNLE]. Present when the organization was launched in November 1981, he explained how he was prevented from speaking and doing his job, as his questions constituted an "antidemocratic provocation." However, the article remained superficial and provided few facts to substantiate an intuitive feeling that was certainly correct but needed to be verified.

Communist Ecology: The Campaign of Tours

The Communist Party is poorly established in the heart of Touraine: barely 18 percent in the 1970's, except for Saint-Pierre-des-Corps, a suburb of Tours.

Beginning in March 1973, the PC introduced an unusual alternative candidate to oppose Mr Jean Royer: Mr Vincent Labeyrie, a university professor of world renown in the field of ecology. The son of a former governor of the Bank of France, he is the ideal "traveling companion." In May 1976, at the time of a parliamentary by-election, this time he was the official candidate opposing Mr Jean Royer. Although he was severely beaten (Mr Royer was elected in the first round of voting with 56 percent of the votes), Mr Labeyrie introduced a new facet of the PCF: ecology. The major organizer of the Touraine campaign was Mr Pierre Juquin, who was sent there expressly by the Political Bureau. The hammer and sickle disappeared from posters and was replaced by a green dot, the "symbol of hope and clean air." At the time, Mr Juquin explained the communist approach as follows: "Until then, we had said that it was necessary to progress toward socialism, that is, to transform the means of production and trade, to establish collective ownership of property. And we added that happiness would come later. Today, it is happiness that is our goal: and we are saying that socialism is the way to achieve this goal." And he readily affirmed that this green dot would replace the traditional symbols of the PC.

Still heading the Communist Party ticket in the 1977 municipal elections, Mr Labeyrie accepted a professorship at the University of Pau and became director of the Institute for Experimental Biocenosis of Agricultural Systems. In 45th place on the Communist Party ticket in the 1979 European Parliament elections, he remains a loyal ally of the PC: now he is a member of the MNLE National Chairmanship.

The MNLE Leadership

Discussing the MNLE again in issue 352 of ECOLOGIE, Mr Jean Carlier asserted that 90 percent of its leaders are PC members. He did not provide any proof of this, but this percentage seems justified after a detailed analysis.

Mr Labeyrie shares the post of national chairman with seven other individuals: Mrs Suzanne Pommies, listed as a "teacher"; Mr Jean Beranger, listed as "senator-mayor of Marley-le-Roi." Mr Beranger is a member of the Leftist Radicals Movement, but is especially a very active member of the France-North Korea Friendship Group. He visits North Korea regularly, even though it is not recognized diplomatically by France. There is also Mr Rene Nozeran, listed as a "university professor of plant biology," but he has also been a member of the Central Committee since 1970 (initially an alternate member and then a regular member in 1972); Mr Leon Schwartzberg, an "associate professor and cancer specialist," well known as a "leftist intellectual" and the organizer of a movement of French intellectuals hostile to the deployment of Pershing missiles in Europe; Mr Jean Ferrat, an "author-composer-interpreter" and a loyal communist petitioner; Mr Camille Vallin, listed as "senator-mayor of Givors," a PCF member, a member of the Central Committee from 1959 to 1972 and 28th on the PC ticket in the 1979 European Parliament elections; Mr Alphonse Veronese, listed as "confederal secretary of the CGT," in which he holds a strategic post: he has been in charge of propaganda for the metals federation since 1979.

The MNLE's Executive Bureau is also mainly comprised of reliable members: besides the aforementioned individuals, there is also Mr Pascal Acot, a signatory to the appeal by communist intellectuals in favor of Soviet intervention in Afghanistan, as is Jean-Claude Boual (also general secretary of the CGT equipment federation); Mr Patrick Geistdoerfer (in charge of the Maritime Commission), a signatory to the appeal by intellectuals to vote communist in the first round of the 1978 parliamentary elections; and Mr Jean-Yves Guezeneq, an engineer at the Nuclear Studies Center and the author of an article on nuclear energy in CAHIERS DU COMMUNISME, the theoretical journal under the supervision of the Central Committee (June 1982), etc.

The MNLE's Actions

Since its inception, the MNLE has affirmed that it will not be like other organizations: "The MNLE is not an association in any restrictive sense of the word. As its name states, it is a movement, that is, an ongoing process." It further condemns the establishment of a "party of greens" under the pretext of a "political operation," which is actually a "political operation that can only weaken environmental opportunities by discouraging voters, by reinforcing the idea of returning to the past represented by right-wing political forces."

In fact, the MNLE has the distinctive feature of being "voluntaristic": it does not condemn nuclear power (the MNLE even notes: "Let's be clear on this point") and condemns "backward-looking" ecologists. For the MNLE, as affirmed in every issue, "membership is the key to our future": members must be recorded. "As a trade union, works council, association, commune, etc., you (can) make your contribution. Apply for national membership." The September 1983 issue of the MNLE's journal, NATURELLEMENT, thus informs us that the works council of Cellulose du Pin [Pine Cellulose Company] has joined the MNLE as a group. It matters little that this is one of the companies in France producing the most pollution, since "the workers fighting for their jobs and the paper industry's development are also fighting for dynamic forest management at the same time. The interdependence of economic and environmental problems seems beyond circumvention."

A favorite theme of the PCF, its "hobbyhorse," particularly in the areas of forest development, paper pulp and printing, is also becoming a stock cause of the MNLE: on 15 and 16 October of this year, the MNLE held a national conference in Bombannes-Carcans (Dordogne) on forestry and its problems. L'HUMANITE reported on the proceedings in its issue of 17 October: "Bringing together and assembling all parties involved, all forest users, and providing a real sequel, an active continuation of these proceedings."

Naturally Communist

The MNLE expands its views in its journal, NATURELLEMENT, which is printed on recycled paper. The fourth issue's analysis is enlightening: the bulk of communist views, clad in green, are presented in 12 pages.

On page 4, an article calls for developing the sturgeon in the Gironde, a fish that is "comparable, for example, to that of the USSR, which, by carrying out a similar plan for nearly 50 years, today produces almost 25,000 tons annually."

On pages 4 and 5, a long article by Professor Labeyrie concerns relations between agriculture and the environment: "Using the example of agriculture as a basis, Marx wrote in 'Capital': 'The capitalist destroys the two sources of wealth: man and the land.'" Proceeding from this key idea, Mr Labeyrie shows that it is "the basic ignorance of these two scientific principles which has led to the deterioration of soils, to floods in both France and other countries of the Third World. The floods of Saint-Brieuc and of Auch are not due to fate; they are the consequences, suffered by urban populations, of disastrous agricultural planning."

On page 6, an eye-catching title, "We Accuse," about the dioxin contamination of Seveso. Surprise: most of the article and photographs do not refer to the Hoffmann-La Roche Company, but to the "effects of defoliants in Vietnam." This report on a press conference held on 20 April 1983 on Senate premises actually brought together, in addition to the members of the MNLE Managing Committee, Dr Henri Carpentier and Dr Jean-Pierre Campagne, "who had both returned from a conference held in Ho Chi Minh City to assess the effects of chemical warfare in Vietnam." The overly modest Dr Carpentier forgot to point out that he had

signed the appeal by intellectuals in favor of Soviet intervention in Afghanistan (LE MONDE, 22 November 1980), that he was elected to the National Council of the Peace Movement in November 1980, another dynamic force of the PC, and that he is a member of the editorial staff of the communist magazine VIETNAM.

On pages 8 and 9, Mr Rene Nozeran describes his visit to Cuba on the subject of "protecting the island's unique species." He states in particular that only Castro's arrival made it possible to save interesting species: "Ignorance of the laws governing nature, especially combined with the quest for profits obtained from large colonial-type plantations possessing a labor force with slave-type features, contributed for 400 years to damaging the Cuban flora very seriously."

The last article, finally, on page 11, is devoted to "disarmament." "War is the worst kind of attack on the environment."

In 10 years, when a newspaper talks about the MNLE as a "dynamic force of the Communist Party," the movement will not hesitate to demand the right to reply to condemn the "malicious insinuations."

11915

CSO: 3519/334

PCF, REVOLUTIONARY TIES OF 'SECOURS POPULAIRE' SHOWN

Paris AUTRES MONDES in French 15 Mar 84 pp 9-11

/Unattributed Article: "Secours Populaire: A Manichaeian Universe"/

/Text/ The March 1984 issue of CONVERGENCE, the SPF /French Popular Relief/ monthly, presents a table of the accomplishments of this organization during the years 1981, 1982 and 1983. This presentation proves to be damaging to the SPF, which, must like the Union of French Women, is one of the large-scale organizations of the Communist Party /PCF/ which are both best known and most zealous in proclaiming their self-styled independence vis-a-vis the Communists. And yet the head of the SPF is a member of the PCF Central Committee, Julien Laupretre. This communist leader has belonged to the national administration of his party for 20 years and has simultaneously led the SPF as its secretary general. In the area of public opinion, the SPF has taken several precautions, since it tries to include on its honorary committee (which has no real power in running the organization) a number of public figures known to be noncommunists. Thus one notes the presence of Mme Edmonde Charles-Roux (the wife of Gaston Defferre, minister of the interior); and--far more surprisingly--Eugene Ionesco, a member of the French Academy, whose courageous stands against the communist system are a matter of public knowledge, is surely very little informed about the real and obvious goals of the SPF.

The table of SPF achievements is summed up by means of a planisphere indicating the countries where the organization is active. At first glance, the activities seem balanced. Six communist nations are involved: Poland, Vietnam, Laos, Cambodia, Nicaragua and Afghanistan, as well as one assimilable nation: Angola. Elsewhere, Africa, Asia, Latin America--all appear quite normal. If one takes a long look at Europe, one is soon struck by a disparity: outside of Poland, there is not a single Eastern European nation.

In Europe and Africa

On the other hand, Western Europe represents a rich zone of operations: France, because of the actual origin of the SPF, figures on the map, but also Northern Ireland, Spain, Portugal, Italy and Belgium. If we take into consideration the nature of the aid and for whom it is intended, we notice that the relief measures for Poland are of an economic nature: "Critical products," even structural ones ("surgical materiel"), and that the SPF does not come directly into the

picture itself, since it deals through "humanitarian organizations" or through institutions such as hospitals and orphanages. In the past the main effort of the SPF, manifested in the sending of its team of physicians, took place in February 1982, or at the very moment when the communist military dictatorship was enduring the most embarrassing moments of backlash in its coup d'etat of 13 December 1981. In Northern Ireland, SPF relief was directed "toward the families of prisoners or those out of favor in Belfast, and packages were sent to numerous political prisoners." It is proper to specify that these actions were taken solely and exclusively for the benefit of one of the camps in the Ulster Civil War (that of the Irish Republican Army).

In Italy, Portugal and Spain, the SPF has manifested its presence in the aftermath of natural catastrophes such as floods and earthquakes. In these countries, the actual implementation of solidarity activities is handled by the local equivalents of the SPF; in this way, the people who have received the aid know that they have been helped not by an organization which is in principle apolitical (such as the Red Cross), but by a group with a marked political stamp. When one examines the ways in which the SPF carries out its operations on the other continents, the Manichaeism and the spirit of political reimbursement characteristic of the SPF appear even more manifest. In Africa, in Zaire, its relief measures are intended for undefined "families of prisoners." It comes down to members of the political opposition who have committed actions considered illegal by the nation's authorities. In Morocco, the same activities: "Relief for the families of those in prison." In Tunisia, as well, one reads: "Various relief supplies for the families of prisoners," and in Egypt the same designation.

In Algeria, Angola, Benin, Guinea, Madagascar and Upper Volta, where the SPF is highly active, there are apparently no political prisoners, since Mr Laupretre's organization is not supporting any. The unilateral commitment of the SPF stands out clearly in the Western Sahara conflict. The support given to the "Saharan refugees" is quite extensive. In Morocco there is not SPF support for the families of combattants. The case for the existence of the Moroccan State falls if one recalls the support of several countries for the Saharans. After all, on Angolan soil the SPF contributes relief aid to refugees from Rwanda and South Africa. It takes no interest in the refugees from Cabinda now living in Zaire, nor in the Somalis who have had to leave Ethiopia.

In Latin America

In Central America, one notices the same obduracy in distinguishing between "good" and "bad" groups of people. In El Salvador, where there are communist rebels, the SPF makes common cause with the "victims of repression" and supports a "rural organization" (whose insurrectional character is not mentioned). In Nicaragua, the SPF gives no support to the insurgents struggling against the Government Army. These rebels are, in effect, anticommunists and are therefore ignored. The ideological choice of the SPF may be still better confirmed in Honduras: there, it sent relief aid "to the Salvadoran refugees." For the Nicaraguan refugees on Honduran soil, whose political stripe is the opposite of that of the Salvadorans, no aid was forthcoming. When one takes into account the permanent campaign (which heightened in intensity during March 1984) of solidarity mounted by French Communists in Nicaragua, one cannot dissociate

from it the marked commitment of the SPF in this country. One indication suffices to give an idea of its scope: since February 1981 the SPF has financially supported the permanent presence of a total of 16 doctors here.

The SPF plays an indirect but hardly negligible logistic role in the Salvadoran Civil War, on the side of the communists. It contributes to the support of the Salvadoran refugees (from whose ranks come the rebel leaders), not only in Honduras and Nicaragua (as already mentioned), but also in Mexico. It also supplies sustenance for the Guatemalan refugees in Mexico. In Guatemala, Uruguay and Chile it takes families of "prisoners" under its wing. In Cuba and Nicaragua, there seem to exist neither prisons nor malcontents, since the SPF has no comparable preoccupations there.

The practice of the Association in Asia confirm its partisan bent. In Afghanistan, it "sponsors a center for children and young handicapped persons," but no relief aid is given to those in prison nor to the hundreds of thousands of Afghan refugees in Pakistan. Similarly, if the SPF is multiplying its shipments to Cambodia, and more precisely to its state-operated sister institutions there, it absolutely ignores the existence of the Khmer refugees in Thailand. In Vietnam and Laos, Julien Laupretre's friends bestow all possible support (in Vietnam, seven medical missions since March 1981), and ignore the existence of political detainees. The close collaboration of the SPF teams with the authorities makes any action taken by the latter shift easily from the humanitarian designation to one of active solidarity among communists. In Indonesia and Turkey the SPF labors on behalf of the imprisoned, but it does not want to recognize the existence of prisoners in Indochina or China. In the Lebanese Civil War, actively cooperating with its counterpart, "Lebanese Popular Relief," the SPF, quite in evidence there, has come to the aid of a single camp, that of the "Palestino-Progressives" and ignores the Christian population.

The 1984 projects of the SPF are nonetheless inspired by the general objectives of the international communist movement. In the 36 nations involved, any actual operation, if isolated from its geopolitical background, could pass for a relief measure as wholly disinterested as it is fruitful. The five goals officially listed in Upper Volta (anything from the construction of classrooms to the digging of wells) appear in themselves to be perfectly "apolitical." The recent interest of the SPF in this country, indeed, is explainable only if one takes note of the fact that a military coup d'etat there has brought to leadership a procommunist captain. In Cameroon, a single project has been earmarked for action; it is true that the regime here is different. And on this score, in any given country it would be desirable to know with whom the SPF is dealing as it sets up its aid program. For if this organization works in close collaboration with the communist government of Vietnam, it puts on a different face in Chile, where it aims to support the adversaries of the Santiago regime.

Now the SPF appears to be doing something new: for the first time, it is making mention of a "shipment of aid to Afghan refugees in Iraq." Since Iraq is quite distant from the borders of Afghanistan, there are very limited risks in thus backing nationals who resist the Soviet occupation. But this unusual initiative of the SPF raises several questions: Who are these Afghans? Who is

operating their refugee camps? Where are they located? In the past the communists have furnished proof that, through the expedient of "charitable" or cultural organizations in particular, they were able to succeed in restoring to their favor, or neutralizing, refugees who had fled from their system. In the case of the White Russians in France, for example, they obtained noteworthy gains in the mid-thirties. The belated discovery in 1984 of Afghan refugees by the SPF (which gives it from the outset, before even shipping any material goods, a propaganda reason for enunciating its "independence") can be recorded only subject to inventory.

Letter From SPF Leader

Madam, sir and friend,

At this time, when the French Popular Relief is preparing its great spring campaign--"With you, everywhere in the world, Solidarity"--destined to intensify the shipment of relief aid to victims of hunger, other calamities, injustice, armed conflicts, we are pleased, in testimony to your loyalty, to send you the 1984 /membership/ card in our organization.

During these last 2 years we have been able to bring together, through our solidarity activities a million of our own fellow countrymen and more than 50 foreign nations.

As a completely independent association, we are able to multiply our material gestures of solidarity only by virtue of the contributions of our donors. The monthly, CONVERGENCE, moreover, regularly brings all its readers up to date with its balance sheets on the status of solidarity.

May we again express our gratitude to you and our hope to be able to count on your active participation in our work. Please accept our highest regards.
/signed/ Julien Laupretre, secretary general

P.S. Many of our friends have asked us to facilitate the regular contributions they make to the SPF. For this reason we have established the system of automatic payments which can be made either through the CCP /giro account/ or by check.

If an application form for subscribing to this system has come to your attention, we should be happy to send you all the particulars.

ALL THAT IS HUMAN IS OURS

8117

CSO: 3519/344

CHANGES IN MARCHAIS-KREMLIN RELATIONS SINCE CHERNENKO ANALYZED

Paris EST & OUEST in French Apr 84 pp 1-3

[Article by Branco Lazitch: "The Limits of Marchais-Chernenko Tension"]

[Text] No change has been noted in the Kremlin's general line, in either domestic or foreign policy, or on an important or secondary point, during the month following Chernenko's assumption of the post of general secretary of the Communist Party of the Soviet Union (CPSU). In connection with this, unanimity reigns, even among those minds that habitually seldom agree among themselves: the Soviet "nomenklatura," dissidents, ordinary Soviet citizens, foreign observers, etc.

Within the international communist movement, on the other hand, not even on the day after his appointment did Chernenko treat G. Marchais in the same way as his predecessor, Andropov, did. Thus, since then, speculations in Paris have been rife, as if a new period of tension comparable to that of 1975-1977 had appeared with Chernenko's assumption of power.

We are alluding to three events to support our argument concerning a new period of tension.

Order of Precedence at Andropov's Funeral

It is true that the French Communist Party (PCF) was advanced twice at Brezhnev's funeral in 1982: It was mentioned at the head of the "brother party" delegations from the capitalist world that were present on Red Square and its general secretary, G. Marchais, was received by the new CPSU general secretary, Y. Andropov. At Andropov's funeral in 1984, while the PCF was again mentioned at the head of the "brother party" delegations from the capitalist world, G. Marchais was not received by the new CPSU general secretary, Chernenko. So the treatment and rank have remained the same for the PCF, but not for its general secretary. In his article L'HUMANITE's Moscow correspondent, Gerard Streiff immediately stressed the fact that "Georges Marchais came first for the leaders of the CPSU," but he did not comment on the absence of a conversation.

G. Marchais is the only Western communist leader to have been received twice by Andropov during his 15-month reign. It is not certain whether he may benefit

from the same privilege with Chernenko, but that does not mean that the ties between the two parties have been broken off. Gerard Streiff's presence in the Soviet capital is proof of just the opposite. We must not forget that the title of L'HUMANITE correspondent in Moscow conceals two actual situations manifested at two different levels.

The lower level: The correspondent of the Communist daily is a professional journalist, but not a representative of the party. This was the case with Serge Leyrac and Max Leon.

The higher level: Under the cover of being a correspondent, the PCF sends to Moscow a political figure, preferably young, whose career, still in its infancy, is already important to the machine; this individual is then the PCF representative at the CPSU Central Committee. In the 1960's this was the case with Jean Kanapa, a member of the Central Committee. It is the case today with Gerard Streiff, a Central Committee collaborator for several years now, a member of its international section and himself a member of the Central Committee, to which he was elected at the last two congresses.

During the first period of tension (1975-1977) two breakdowns in the workings of "fraternal" relations between the Kremlin and the Place du Colonel-Fabien [PCF headquarters in Paris] were evident: There was no meeting between Brezhnev and Marchais for 2 years and no member of the PCF Central Committee was accredited in Moscow as a representative of the party (and simultaneously a L'HUMANITE correspondent). Today it is still too early to pass judgment on the first point; on the second, there has been no deterioration in relations since Gerard Streiff is still on the job.

Congratulatory Telegrams to the Soviet Number-One Man

When Andropov was appointed to the post of party general secretary, PRAVDA published the list of congratulatory telegrams sent by the "brother parties," the order of precedence of which was the same as at the time of Brezhnev's funeral 3 years before. Georges Marchais headed the list, followed by the chairmen of the communist parties of West Germany, Herbert Mies, the United States, Gus Hall, Portugal, Alvaro Cunhal, Italy, Enrico Berlinguer, etc.

When on 21 February of this year PRAVDA published the list of excerpts from congratulatory telegrams addressed to Chernenko because of his promotion, it was in the following order: Herbert Mies, Alvaro Cunhal, Enrico Berlinguer, then the Greek Communist Party Central Committee, the Finnish Communist Party Central Committee, etc. The abstention of the PCF was noted and this abstention was especially presented by some commentators as a unique case in the international communist movement. Of course, if other abstentions on the list had been noted, Georges Marchais' would have assumed less importance.

Now just that was the case; other abstentions could be noted, at the time of Andropov's appointment as well as of Chernenko's. For example, nowhere on the list of congratulations addressed to Andropov (PRAVDA, 20 November 1982) did the Finnish Communist Party figure, an abstention that is all the more bizarre since the Finnish Social Democratic Party did figure on the same list of

congratulations. It is true that the Finnish Communist Party is seriously divided between a liberal and Eurocommunist wing (the majority) and a neo-Stalinist wing (the minority). But the spokesmen for the two factions carefully avoid the slightest criticism directed at the Soviet "big brother" and it is hard to imagine the Finnish Communist Party's having had the courage to express in such a way, indirectly, its dissatisfaction with the appointment of Andropov — who, moreover, had for years worked in the Karelo-Finnish Republic and knew where he stood with that party.

The list of congratulations sent to Chernenko likewise shows that the PCF was not the only party to have abstained: Its neighbor on the preceding list, the U.S. Communist Party, was also missing. When we realize that the U.S. Communist Party is practically nonexistent and that during presidential elections the number of votes it garners (less than that of the Trotskyites) is not even mentioned in the press and when we realize that Gus Hall, its general secretary, also benefits from preferential treatment by Moscow in all respects (trips, interviews, etc.), can we believe that it wanted to express the slightest disagreement with its new "boss"?

G. Marchais' Letter to the CPSU

Founded in the 1950's in the era of Khrushchev and de-Stalinization and solely designed to present Soviet works translated into foreign languages, the Progress Press has published a number of books the quality of which — this is the least we can say of them — appears to be very mediocre. But, as far as we know, an unfavorable commentary on any of these works has never appeared in the French Communist press. Now suddenly, as a result of a letter by G. Marchais, this publishing house finds itself the center of political news.

On 14 February the general secretary of the PCF attended Andropov's funeral in Moscow. And on his return to Paris he had occasion to write on 17 February a letter of protest against a work, "'The Population of the World,' which I just examined" (in his own words), when the book had been distributed a month before. He objected to the way the population of France was presented: 82.5 percent were authentic Frenchmen and the rest were composed of Alsatians, Flemings, Bretons, Basques, Catalonians, Corsicans, Jews, Armenians, Gypsies and others. The author of this work, a certain S. Brouk, had apparently applied to France (and not only to France) the same criterion as that employed in the USSR to distinguish between nationality and citizenship: All the inhabitants of the USSR are Soviet citizens, but not all have the same nationality. G. Marchais nevertheless reacted violently: "We with indignation protest against these ridiculous and odious allegations."

Of course, the important thing is not that G. Marchais wrote this letter, but how he acted under the circumstances. He could have sent his letter to the author of the book or to the Progress Press, or even to the Ministry of Culture.... Georges Marchais aimed much higher: He addressed his letter to the Secretariat of the CPSU Central Committee, thus indirectly to Chernenko himself. Furthermore, he did not have to make his letter public (how many other letters addressed to the CPSU have remained unknown to the entire world!).

It is obvious that the book he criticized merely served as a pretext for Georges Marchais to express his dissatisfaction, which goes far beyond the work itself. The battlefield was no doubt carefully chosen, one that was both different and less important than that of 1975-1977. At that time the pretext seized upon was a television program that showed a concentration camp in Lithuania, which gave rise to a communique from the PCF Politburo: "If the real situation is in keeping with the pictures that were telecast..., the Politburo expresses its profound surprise and most formal censure." This time the PCF reacted on a point that involves not the Soviet regime, but France. The nuance is an important one. In 1975-1977 the PCF dared to criticize the USSR for "certain attacks on democracy." Today, during the Supreme Soviet elections in March, this parody of democracy was used by L'HUMANITE to criticize not the "way an election is conducted" in the USSR, but the LE MONDE correspondent who had censured it.

Even during the 1975-1977 dispute, the PCF remained firmly solidary with the USSR's foreign policy. This time it has alluded to neither Soviet foreign policy nor the "negative aspects" of the Soviet regime.

That leaves the problem of the international communist movement and the role of the PCF. It is typical that G. Marchais' first two foreign meetings after his return from Moscow were held with the general secretaries of the East German and Spanish Communist Parties. In the joint declaration that followed the first of these alignment on the Soviet "peace" policy is very clear, but observers of the GDR political scene have reported that the space allotted G. Marchais in the East German media was less than that given Berlinguer's visit in December of last year.

The second of these two meetings took place in Paris on 7 March with Gerardo Iglesias, the general secretary of the Spanish Communist Party (Santiago Carrillo's successor). As we know, in the eyes of the Kremlin two communist parties now coexist in Spain, one led by Iglesias whose ties with Moscow are rather loose, and the other totally pro-Soviet led by Ignacio Gallegas. Both of them were on an equal footing on Red Square at Yuri Andropov's funeral (the same treatment was reserved for the Swedish Communists, also represented by two communist parties). As for G. Marchais, he only recognizes the existence and legitimacy of a single communist party in Spain, Iglesia's. In the joint communique published after their meeting, not a word was said about the division of the Spanish communist movement into two parties — a symptomatic omission. Obviously, the two discussants preferred not to publicly evince Moscow's role in this quarrel. Nevertheless, it is a sure bet that they probably spoke about it in private.

Georges Marchais is today at a disadvantage in two domains. Within the Left he is united with the government, the Socialist Party being the governing power on which the PCF does not want to impose its will and with which it does not dare to break off relations. He is also a part of the international communist movement, in which the Soviets confront the PCF with faits accomplis, sometimes of historic importance like the invasion of Afghanistan (G. Marchais approved of it), sometimes of very limited importance like the affair involving S. Brouk's book on the population of the world. In both these domains G. Marchais has enough of a margin of autonomy to speak, but not enough to act, and even less to break away.

COMMENTS ON PROBABLE FORMATION OF 'EANISTA' PARTY

Moment Judged Opportune

Lisbon EXPRESSO in Portuguese 12 May 84 p 3

[Article by Jose Antonio Saraiva: "CNARPE: Finally the Party"]

[Text] On Saturday, in Tomar, the CNARPE held the first of a series of meetings which, according to one of its organizers, are taking place for the purpose of "finding a course of action" that will give "a response to the thousands upon thousands of people wondering about the country's future, who are losing hope" (DL of 7 May).

This means that the CNARPE has finally decided to set itself up as a party.

The occasion of the enterprise is understandable.

Those who, for some time, have been acting in support of General Eanes, and who have been stressing that he should form a political movement realized (and they were correct) that they would hardly have a time like this available to them again.

This is true for three types of reasons.

First, because the marking of the 10th anniversary of 25 April and the relative success of the "popular celebrations" created an emotional mood conducive to the launching of new political endeavors.

Second, because serious doubts are starting to crop up regarding this government's ability to break the vicious circle in which national politics has embarked: Now, since it is a fact that, with this coalition, the potential combinations among the group of existing parties have been exhausted, it is only natural for the country to be prompted to think that the next government solution will have to be found, not inside, but rather outside the current party gamut. And the truth is that there is no one in sight besides General Eanes that is in a position to form a new party.

Third, because it is now a little over a year before the presidential elections, and the CNARPE cannot allow the battle for the presidency of the

republic to be waged merely between Dr Mario Soares, Prof Mota Pinto and Prof Freitas do Amaral, and must take an active part in the contest.

For these three reasons, the time has come for "Eanism" to become formally established as a political movement.

There may be some who, maliciously, would ask: with what program?

That is obviously a spurious question.

And this is because, as 10 years of democracy have already proven, what is essential in a party is not the program, but the leader.

To demonstrate this, one need only consider the following: PSD, with exactly the same program, was one kind of party during Dr Sa Carneiro's time, and is now a different kind of party. During Sa Carneiro's time, PSD was a party which was proving capable of governing events and creating political situations; now, PSD is giving the impression that it is proceeding, not ahead of events, but rather lagging behind them.

When the question is posed in this way, it may be fitting to consider the consequences that the formation of a new political party will bring for the present gamut of parties.

In my view, the fundamental result will be a single one, and readily explainable: the Socialist Party's loss of influence.

In fact, the advent of a major political force left of the PS will naturally cause a reaction from the right.

In other words, the Portuguese right, faced with the threat of a conquest of power by the left, will tend to regroup itself again. And the PS, caught between two strong political blocs, left of it and right of it, will embark upon an inevitable decline.

This means that we may be nearing the end of one time and the start of another.

A period in which the Socialist Party, elevated to genuine personification of the regime, was the leading protagonist in the political process may be reaching an end; we may be on the threshold of a new cycle for the democratic regime, having as protagonists a party headed by Gen Ramalho Eanes and a right wing alliance whose leader is yet to be decided.

Ex-CNARPE Member's Categorical Statement

Lisbon TEMPO in Portuguese 17 May 84 p 9

[Article by Jorge Nuno Oliveira: "Eanista Party Will Start Up"]

[Text] There is no smoke without fire. And the clouds of smoke covering the Portuguese political scene are dense. Eighteen months before the presidential elections, everything is converging upon Belem; with a necessary passage

through Sao Bento, where the billows of smoke are amassing. At present, Belem and Sao Bento are the focal points of all political movement, with variations fluctuating between the certainty of a new Eanista political party and the revamping of the government.

"A new party group will surely come into existence before the presidential elections." Herminio Martinho, former district head of the ex-CNARPE in Santarem, is peremptory. "We shall proceed with an alternative to the current party situation. We shall run a presidential candidate; and we shall have the participation of the president of the republic."

A new party: The features of the Eanista party group are starting to be increasingly defined. First in Tomar, during the second half of June in Abrantes, later throughout the country and, at present, in Lisbon, members of the ex-CNARPE have engaged in a count-down, in their eagerness to reorganize a structure which has never been dismantled and which had been in merely a holding position. On Tuesday, conflicting opinions were announcing that Eanes backers on the highest level had met in the Lisbon area. The site, the purposes and the conclusions of the meeting: all of these were answers that TEMPO was unable to confirm; but the movement is undeniable.

To Recover the Spirit of the 1980 Elections

Herminio Martinho assures us that there will certainly be an Eanista presidential candidate. "But our candidate will not be any of those most often mentioned by the press." Herminio Martinho dismisses the guesses regarding Saldago Zenha and Maria de Lurdes Pintasilgo. The doors are open to speculation. From Mota Amaral to Vitor Alves, anyone is possible; but, as George Orwell said many years ago, all the candidates are good, but some are better than others.

Herminio Martinho appears confident of the political space that the new party group is seeking to occupy. "We want to restore and recover the spirit of the 1980 presidential elections. That is our electorate. And note that I, or we are not opposed to the parties. They are the essence and the distinguishing element of the democratic regime. But the present parties have been more concerned with protecting personal interests than with the national interests."

The subject of our interview is confident; but one problem still remains for the strategy delineated by him, in conjunction with a handful of enthusiasts for the rebirth of the Eanista spirit. In 1985, Mario Soares is the prime minister who will execute and direct the economic policy. At that time, the Portuguese people's living conditions may perhaps be better. And no politician has ever managed to resist electoralism during a pre-election period.

Herminio Martinho smiles: "Who can guarantee that Mario Soares will be prime minister in 1985?"

Will a 'Fonk Luminosa' Be the Solution?

Once again, the door is open for all kinds of speculation. A little under a month ago, the president of the republic admitted to the possibility of intervening more directly in Portuguese life. And he did not waive his constitutional powers which are, in this instance, the authority to dissolve the Assembly of the Republic, claiming danger to the democratic institutions and the deterioration of the objective conditions for exercising power.

The specter of the presidential government is returning again, a hypothesis considered "likely" at Belem. Eanes could dissolve Parliament and call early general elections or, as an alternative, name a prime minister in whom he has confidence. Another hypothesis remaining is that of the retention of the current executive body, with a caretaking function.

Moreover, Mario Soares has already alerted us to this hypothesis. And his battle has reached the point, without mentioning the resurgence of a neo-Goncalvista movement, of accepting a new "Fonk Luminosa" type manifestation. Other problems could arise within the coalition itself. Rui Machete, the minister of justice and vice-chairman of the PSD National Political Commission, says that the "central bloc" should run a mutual, non-partisan candidate; a hypothesis which of course excludes Mario Soares, and which is at odds with a proposition that would not displease Mota Pinto: that of a military candidate.

Eanes: Without Comment But With Attention

Belem-Sao Bento are the focal point. A new Eanista party would always entail Eanes. Herminio Martinho told us: "The president of the republic will have to assume an express position regarding our candidate."

In Belem, Eanes has agreed to assume a position on the "CNARPE-oriented" movements, either before or after the end of his term.

Before the presidential elections, it is likely that Eanes will comment on the CNARPE waves and express his opinion concerning the candidate for Belem. This will be a stylish, institutional way for the president of the republic to indicate a candidate that he is not proposing.

After the elections, Herminio Martinho mentions Eanes for making the Eanista party materialize. "Without Eanes, there is no solution. The new party group (which we want to represent the country's political consciousness) will really exist only when it materializes in the person of Gen Ramalho Eanes."

Gen Ramalho Eanes, for his part, has confined himself to listening, reading and monitoring all these developments attentively, and without comment; but giving the impression that everything written above will most likely occur. Eanes' enigma might well start to be disclosed beginning in October of this year.

2909

CSO: 3542/35

BRIEFS

MAD PARTY FORMATION DENIED--At a press conference, one of the leaders of the [Movement for Intensification of Democracy] [MAD] denied that the MAD is backing the creation of a new political party due to come into existence on 10 June of this year. Jose Carlos de Vasconcelos claimed: "A few members of the movement might make a contribution to some political force that shows up, but in an individual manner." It was also announced that a petition of protest would be initiated against the slowness ("shocking delays") in handing down judgments in court trials, as well as a document on decentralization and regionalization, upholding the citizens' direct participation on the local government level. The MAD leaders also asserted that their goals are more ambitious than that of being a political party, and that they relate to "action in the area of civic and social intervention, more for a transformation of the society than to intervene in the political realm." [Text] [Lisbon TEMPO in Portuguese 17 May 84 p 56] 2909

CSO: 3542/35

BOTH PALME, ADELSONH HURT BY DEBATE ON SUB AFFAIR

Palme's Attacks Backfiring

Stockholm DAGENS NYHETER in Swedish 12 May 84 p 2

[Editorial by Svante Nycander: "Where Is Sweden Heading?"]

[Text] A foreign policy explosion finally became inevitable. The mutual distrust between the Social Democrats and the Conservatives, between Olof Palme and Ulf Adelsohn, has risen to a level where something as trivial as a lapse of memory can set off a crisis. Adelsohn's smug explanation after the December meeting of the Foreign Policy Board and the defense agreement have not led to any reconciliation.

The conflict is harming Sweden. It leads to lack of clarity in other parts of the world concerning our security policy and reduces the government's chances of asserting the country's interests on the international level.

If one just looks at the Ferm-Arbatov affair it is easy to understand Olof Palme's irritation. The Conservative leadership behaved in a way that inspires misgivings.

Last fall Olof Palme immediately denied the reports from anonymous sources in SVENSKA DAGBLADET about what was said in the conversation between Anders Ferm and Soviet representatives Arbatov and Milstein. Adelsohn took the position that "one assertion stands against the other." He had confidence in his friend, the editor of the newspaper. No smoke without fire. "SVENSKA DAGBLADET has reliable sources." And so forth.

When Olof Palme read the letter from Anders Ferm on the "Magazine" program in an effort to spare himself from the campaign of distrust, Adelsohn was not satisfied. "I want to see the entire letter," he said in DAGENS NYHETER on 11 December. He asked to see "the parts of the letter Olof Palme left out on TV."

This wish was granted at the meeting of the Foreign Policy Board on 16 December. The letter was presented and Adelsohn declared himself satisfied with the information given. He did not make any criticism of the way the matter was handled.

On Tuesday the entire letter was published in EXPRESSEN. Everyone could see that there was no support for the version of the conversation that had set off the whole affair.

Even so the entire Conservative circus started up once again. With vague elusive arguments Gosta Bohman, Ulf Adelsohn and a number of other people echoing their ideas implied that the information in EXPRESSEN is highly significant. In light of Ferm's letter, Olof Palme appears naive for relying so much on Gromyko's assurances, in Adelsohn's view. Palme is accused of having withheld information last fall. The implication is that Palme's critics have been at least partially vindicated through what was revealed in EXPRESSEN. "Olof Palme provided the information that suited his political aims," Ulf Adelsohn complained on Tuesday.

When Palme pointed out that the entire letter had been presented to the Foreign Policy Board he was not believed. Adelsohn still seems to half suspect that Palme withheld parts of the letter from him.

But we do know that before the meeting of the board in December he asked to see the whole letter. After the meeting he declared himself satisfied with the information he received.

A less easily-provoked person than Olof Palme would have bristled--even if Adelsohn had not topped the whole thing by accusing him of pursuing a foreign policy "that is very harmful for Sweden."

It is very disturbing that the prime minister cannot provide a sober explanation without immediately being asked for proof. The fact that on several occasions Palme himself has given in to such demands with the result that an act that should have remained secret was made public shows that he believes the distrust to be widespread. But over the long term foreign policy cannot be pursued under these conditions. Anonymous rumors should not be able to pressure the government into taking steps that can upset our relations with a superpower and expose secret diplomatic sources.

What can be done? Sensible and moderate people are in the majority in all parties. Unfortunately Olof Palme's reaction to what has happened is not such that one can hope that this majority will prevail in the Conservative Party. It is a remarkable step to call in the Foreign Policy Board to give the prime minister an opportunity to rebuke an opposition leader. When Palme talks of "political decay," the Conservatives' "inability to admit their mistakes," when he brags about having "cleared away political traps," etc., he unites his opponents more closely. He selects the words that hurt the most, not those that most convince his audience that he is right.

If one thinks of the prime minister's efforts over a broader field of foreign policy after the government change, his magisterial tones sound a little hollow. A single objective account would have been more effective and more appropriate. Both sides should now bury the hatchet, as Karin Soder and Jan-Erik Wikstrom urged them to.

Adelsohn Reacts to PRAVDA

Stockholm DAGENS NYHETER in Swedish 13 May 84 p 6

[Article by Ake Ekdahl]

[Text] The bickering between Prime Minister Olof Palme and Conservative leader Ulf Adelsohn on foreign policy touched off an instant reaction in Moscow. Early Saturday morning the Soviet news agency TASS issued a commentary in English in which TASS called the Conservative leader's statements a defamation of the Soviet Union.

A summary of comments in this country is that both Palme and Adelsohn have been guilty of poisoning the political climate.

The big questions remaining seem to be whether the Conservatives are standing by the basic premises of Swedish foreign and security policy and whether Palme acted unconstitutionally when he tried to restore his political honor.

Question of Blame

The Conservatives point out that the submarine violations are the most serious challenge to our security policy in the postwar period, that our foreign and security policy interests are not being respected and that Prime Minister Palme, who did not sharpen his tone against the Russians sufficiently, is to blame for this.

The Social Democrats attack the Conservatives for carrying out a witch hunt against Palme personally and for presenting a double message. Inside the Foreign Policy Board the Conservatives show great unity on foreign policy issues with the other parties and with the government, but they pursue a more critical line in the public debate.

Investigating

A side-effect of the Palme-Adelsohn conflict is the hunt for leaks by the government secretariat and the Riksdag Constitutional Committee. In a week Attorney General (JK) Bengt Hamdahl is expected to start a preliminary investigation to find out who passed on the secret letter from Ambassador Anders Ferm to Palme which gave rise to the latest phase in this conflict.

Such an investigation involves a police interrogation of members of parliament and civil servants on the Constitutional Committee, the Foreign Policy Board, the Foreign Ministry, Palme's secretarial staff and people employed by EXPRESSEN, the newspaper that first published the secret portions of the letter.

There is great irritation in KU [Constitutional Committee] that Palme's undersecretary, Ulf Dahlsten, has already ordered an investigation of

the committee's routines. The committee is supposed to investigate the government, not the other way around.

Autocratic

One of the KU members, Karin Ahrlund (Liberal) said Saturday that the study by the Constitutional Committee has shown that the prime minister often rules with almost autocratic authority in the government. He is supposed to lead the government, but he is not supposed to be the government all by himself.

Another KU representative, Evert Svensson (Social Democrat), said that the Conservatives pursue one foreign policy on the secret Foreign Policy Board and another in the public debate.

He then referred to the important meetings on 16 December 1983 and 11 May 1984 when the Ferm letter was discussed.

"Only two politicians have ever been subjected to the same kind of right-wing witch hunt that is now being used against Palme. They were Liberal Karl Staaf at the beginning of the second decade of this century and Ernst Wigforss after World War II," Svensson said.

Par Graustedt of the Center Party dealt with the foreign policy dispute in a speech in Sodertalje on Saturday.

"Adelsohn has chosen foreign policy as a major area on which to attack the government. The repeated questioning of the government's determination to maintain Sweden's policy of neutrality and to assert national integrity runs the risk of being self-fulfilling by undermining the credibility of Swedish foreign policy.

"But the Social Democrats have often taken party tactics into consideration in guiding foreign policy. The proposal for a nuclear-free corridor in Europe and the public reprimanding of Conservative Carl Bildt are examples of this."

Hostile to Soviet Union

The Russian reaction is that Adelsohn is trying to sabotage the friendship between Sweden and the Soviet Union and that he is opposed to a Nordic nuclear-free zone and a nuclear-free corridor in Europe.

"A wave of hostility to the Soviet Union is sweeping over Sweden," TASS wrote.

"Adelsohn shamelessly accuses the nation's prime minister and the whole government of pursuing a policy that is allegedly counter to Sweden's interests and carrying out 'secret intrigues' with the Soviet Union."

The newspaper AFTONBLADET said there are three foreign policy efforts within the Conservative Party, one represented by young Conservatives friendly to NATO, another by old Conservative politicians like Gunnar Heckscher, with Adelsohn coming somewhere in between.

Heckscher wrote in SVENSKA DAGBLADET on Saturday that confidence in Palme is slipping and that the whole matter is a sign of "the distressing break-up of the normal feelings of trust that distinguish modern Swedish politics.

"With respect to foreign policy this has followed in the wake of Palme's unsuccessful attempt to wage ideological foreign policy in the interests of the Socialist International," he wrote.

The chairman of the Conservative Youth League (MUF), Gunnar Hokmark gave an example of the intransigent attitude of young Conservatives to Palme when he said in a speech on Saturday that the reason for the leaks of secret documents is that the government conceals the facts. Swedish foreign policy is becoming a Swedish Watergate. The government leader is trying to scare people into keeping quiet and constitutional infringements are piling up, he said.

"Swedish foreign policy is becoming a private vendetta for the prime minister," said Hokmark who added that Palme's international responsibilities, his contacts with Soviet representatives and his determination to be politically acceptable are creating problems for the prime minister.

One of Many 'Palme Affairs'

Stockholm DAGENS NYHETER in Swedish 15 May 84 p 10

[Commentary by Sven Svensson]

[Text] Olof Palme's international reputation has declined and Conservative leader Ulf Adelsohn has been tarnished prior to the formation of an eventual nonsocialist government. That is a summarization of the many "affairs" in Swedish politics.

The polarization between the Social Democrats and the Conservatives in the area of security policy goes back a long way. If we look at Olof Palme personally, the antagonism goes back to the mid-1960's. The Vietnam demonstrations and Olof Palme's involvement for peace and against the United States provide a highly emotional background to the current affairs.

There is still broad agreement on the basic lines of Swedish security policy. Both the Social Democrats and the Conservatives stand behind the Swedish neutrality policy and the idea that this must be backed up by a relatively strong defense system.

Cashing In

In reality it is attitudes that divide the two disputing parties. These attitudes are exaggerated by personal conflicts and an effort is being made to cash in domestically as a result of foreign policy affairs.

As far back as the Falldin-Ullsten government's time the Conservatives were trying with considerable success to utilize the growing aversion to the Soviet Union that followed in the wake of the submarine intrusions in Sweden.

Since then it has continued on its own momentum. It is a standing theme in outlying areas that the Social Democratic government is sending the wrong signals to the Soviet Union.

When the Conservatives are pressed for an answer, it turns out that the parties agree that proper proof is required before protesting again to the Soviet Union about new submarine violations. This leaves the question of whether the Soviet minister of agriculture should come to Sweden this summer. This is a trifle from a security policy point of view.

In Agreement

Traditionally the Conservatives believe in a strong Swedish defense while the Social Democrats are more inclined toward international arms reduction and measures that create trust. According to Conservative philosophy, military deterrence is the thing that will really make Sweden secure in the shadow of the Soviet Union.

But at this time most parties are more in agreement on future defense funding levels than they have been in a long time. Even the Conservatives no longer push their earlier proposal for more money right away to reinforce submarine hunting, which was a hot topic a few months ago.

Zone Issue

In local propaganda activities the Conservatives have a negative attitude toward the proposal for a Nordic nuclear-free zone, which in practice would mean that Norway and Denmark would have to relinquish their present right to accept nuclear weapons in wartime.

When it comes right down to it, Conservatives also go along with quoting long portions of Olof Palme's speech on a Nordic nuclear-free zone which he delivered to the Paasikivi Society in Helsinki.

"Progress on the zone issue can in itself make a constructive contribution to efforts to gradually reduce the role of nuclear weapons and reduce the number of nuclear arms in Europe," is something the Conservatives have endorsed, among other things.

At one time there was a tremendous fuss made about the Palme Commission's proposal for a 30-km strip in central Europe that was free of tactical

nuclear weapons and the Conservatives were the ones who screamed the loudest. In a way developments have played into Olof Palme's hands--even NATO has begun on its own to scrap some of its old nuclear missiles.

At the special UN session on arms reduction, Thorbjorn Falldin proposed a freeze on nuclear weapons at current levels. The proposal received general approval among such groups as certain conservative forces in NATO countries.

The Swedish Conservatives feel a nuclear arms freeze at current levels would benefit the Soviet Union. Instead, Sweden should support efforts to bring about a mutual and balanced reduction of land-based medium-range missiles in Europe.

Aid

In their eagerness to save money the Conservatives want to pare almost a billion kronor from aid to poor nations.

But at the same time the Conservatives have pulled off the trick of agreeing with the middle parties on calling for a new state study aimed at more project aid, even though the demands of the middle parties would require more aid money than the Social Democrats requested.

Desperate

The Conservatives' "double message" on security policy makes Olof Palme desperate at times.

Olof Palme must take part of the blame himself. Acting as chairman of the Palme Commission and mediator in the Iran-Iraq conflict is hard to reconcile with his role as head of the Swedish government.

And even if the double involvement could be reconciled it simply creates mutual distrust and conflicts of loyalty on the personal level.

Palme probably overreacted to all the "affairs." The reason is that he is personally very involved in issues concerning world peace. He gets very upset when his good intentions are cast in doubt.

Letter

The letter from UN Ambassador Anders Ferm on contacts with the Russians Arbatov and Milstein is running like wildfire in newspaper columns. In a way this is surprising. Does this letter have any real historical value? It consists largely of obvious statements about Soviet reactions which have already appeared in the press.

When Olof Palme read half of Ferm's letter on TV it was to deal a major blow to SVENSKA DAGBLADET. He had to pay for it when EXPRESSEN later published the rest of it.

There is nothing to indicate that Olof Palme was forced to read the first part of the letter for the sake of his personal honor. SVENSKA DAGBLADET's reports were already no longer credible.

Overreaction

Olof Palme has overreacted on other things too. This applies for example to sending a civil servant to the Riksdag Constitutional Committee in an attempt to clarify how the second part of the Ferm letter was leaked to EXPRESSEN.

The bizarre exercise of protocol in the Foreign Policy Board concerning the Ferm letter cannot fail to have domestic policy consequences. Even if Adelsohn managed to strengthen his position among loyal Conservative circles, confidence scarcely increased among people in general. When the facts were placed on the table, Adelsohn had to concede.

After the circus that has taken place, as soon as Thorbjorn Falldin's ulcer has healed he will have to be more negative about Ulf Adelsohn as a non-socialist candidate for prime minister. Bengt Westerberg also seems to be moving away.

Conservatives Damage Own Cause

Stockholm DAGENS NYHETER in Swedish 16 May 84 p 2

[Editorial by Olof Kleberg: "Adelsohn as Prime Minister?"]

[Text] During the spring Conservative leader Ulf Adelsohn had a unique chance to establish himself as a nonsocialist candidate for prime minister. Thorbjorn Falldin of the Center Party has been absent from politics since the end of March and Bengt Westerberg of the Liberal Party is not a member of parliament. This gave Adelsohn some room as the most prominent alternative to the Social Democrats.

He has made use of this chance. But in a way that has seriously damaged his possibilities of emerging as a unifying name for the nonsocialist parties. Partisanship and idle gossip have replaced the anticipated statesmanship. When Adelsohn overcame those who were eager for confrontation in his own party and added the Conservatives to a four-party agreement on defense in March and at the same time moved cautiously in the parliamentary debate on foreign policy, people thought he had made up his mind. Loud Conservative criticism of the Social Democrats' and the middle parties' defense and security policy would take a back seat to a restrained line, more suitable for one planning to take over power in 1985.

Such speculations were possible at times back in 1983. After the Bildt affair in the spring, the Conservatives avoided conflicts on foreign and

defense policy in the fall. But then came the Ferm-SVENSKA DAGBLADET affair in December, bringing a new groundswell of accusations. However it swept over quickly. After the Foreign Policy Board meeting on 16 December it was felt the Conservative leader had been given a satisfactory explanation.

The defense agreement in the spring was such an important step away from the Conservative escalation that it seemed as if Adelsohn, the practical result-oriented politician, had now finally gained control over his party and himself. The mixture in recent weeks of charges against Olof Palme, memory lapses, partial retreats and new accusations has canceled this impression.

It seems more likely that the Conservatives will continue to try to present a sharper profile in the area of security policy. This trend is markedly worsening the party's relations with possible government colleagues in the middle parties and will probably disturb many voters too.

What is it the Conservatives really want to change in our security policy? Adelsohn said he had "10, 15, 20 criticisms of Palme's foreign policy" that he considers "very damaging to Sweden." He wants to put an end to secret foreign policy contacts, he will see to it that protests against the Soviet Union are not toned down. There must be a "review" of Swedish security policy. On the radio yesterday Adelsohn defined things by saying that there is broad agreement on the goal of neutrality policy but disagreement about the means.

Two things are striking. To a large extent the criticism was directed against Olof Palme personally. It is his foreign policy and his actions that are wrong. The criticism also gives the appearance of concerning central problems, even if it does not apply to goals but to means.

The criticism of Palme is rewarding. Partly because it appeals to the aversion many voters have to his personality and partly because in each controversy Palme spontaneously supplies fresh fuel for criticism--through touchiness, doubtful handling of "affairs" (Bahr, Bildt, Ferm) and exaggerated outbursts. But actually the Conservatives do not have much of a "review" to offer. Adelsohn summed it up on the radio yesterday: Sweden should never tone down submarine violations, it should not extend an invitation to the Soviet minister of agriculture, Palme should not pursue personal foreign policy but should leave it to the Foreign Ministry, he should leave the Palme Commission. There is not much left of all the commotion.

The distrust the Conservatives are trying to sow about the government's foreign policy is now backfiring. Who can have any confidence in Adelsohn's foreign policy course after the lame handling of the Ferm letter last week?

Nor do the Conservatives' domestic policy proposals facilitate nonsocialist unanimity. The state should reject responsibility for unemployment, interest subsidies for housing should disappear, state contributions for psychiatric care should be drastically reduced and so forth and so on. The

budget proposals strike systematically at economically weak groups while benefitting stronger groups.

Does Adelson really want to be prime minister?

Demands on Party Leaders

Stockholm DAGENS NYHETER in Swedish 19 May 84 p 6

[Commentary by Sven Svensson]

[Text] Simple symbols have becoming increasingly important in the Swedish technocracy. For this reason the role of party leaders has gained in strength at an alarming rate. It is now very important for party leaders to symbolize their parties in a straightforward and unified way in the eyes of their own voters.

When the Social Democrats regained government power in 1982 after a great many nonsocialist government shuffles many people believed that peace and stability would draw an uneventful veil over Swedish politics. In reality there were even greater upheavals than there were in the nonsocialist government years.

An intensive phase of negotiations has developed in parliament and this has given a double party leader effect. First of all the role of party leaders has grown as a result of the voters' need for simple symbols they can rely on.

The influence of party leaders has also grown as a result of party leader settlements in various negotiating rooms. Therefore party leaders play a considerably more important role today than party programs with their polished and deliberately diffuse wording.

Autocratic

Two parties today love to present themselves as representing popular movements, the Social Democrats and the Center Party. At the same time it is very characteristic that Olof Palme and Thorbjorn Falldin have an unusually strong position within their respective parties. In a way they are reminiscent of the autocratic rulers of the Middle Ages, they are not challenged as long as their luck holds.

In Olof Palme's last government there were heavyweights like Gunnar Strang and Sven Andersson who could not be overridden.

Karin Arkland (Liberal) has spoken of Swedish prime ministerial rule. The right work distribution would be to have Olof Palme take care of the "affairs" and Kjell-Olof Feldt handle the economy.

There is a general shortage of strong men and women in Palme's government. Deputy Prime Minister Ingvar Carlsson has been the "trash basket" in the government office building, the one who takes care of the things that are left over. Sten Andersson is moderately interested in being minister of social affairs, while Thage G. Peterson is going his own way as industrial affairs minister, just as Nils G. Asling (Center) did when he had the job.

Center Unrest

Ingvar Carlsson has now had no less than three different undersecretaries and supposedly he is going to play a different role. While Olof Palme looks after the nation, Ingvar Carlsson will look after the Social Democratic Party apparatus prior to the 1985 election.

Center Party leader Thorbjorn Falldin is nursing his ulcer at home in Rams-vik. His absence has created difficulties in the Center Party. It has led to splitting and the issuing of different statements. As far as party leadership is concerned, there is not much decentralization even in the Center Party.

Therefore there is unrest about the future in the Center Party due to Falldin's illness. When the 1985 election comes around Falldin will have been party leader for 15 years. If he loses the election or if his ulcer gets worse, he will resign.

The Center Party has no new national father type like Falldin up its sleeve. What we are talking about is a repetition of what happened when Gunnard Hedlund took over from the ailing Bramstorp right after the war.

Grew Into Role

Gunnar Hedlund also grew automatically into the party leadership role. Karin Soder is now the person most attractive to Center people.

Liberal Party leader Bengt Westerberg has made a strong impression on many people because of his fluency and his talent for quick replies.

Westerberg got high marks as a speaker and TV performer, but he is totally untested as a debater in the broad parliamentary context. But it is clear at any rate that Bengt Westerberg heeded the latest warning signals from the opinion polls and has begun to move away from the neoliberals and the "old guard" in the Conservative Party.

The fall will be the acid test for Westerberg and the Liberal Party.

Just a Symbol

Ulf Adelsohn has really seized the role of symbol for the Conservative Party.

But it is not enough to be just a symbol, as party leader one must have a certain amount of qualifications. Now Carl Bildt looks after security policy, Lars Tobisson the economy, Per Unckel school policy and Bo Lundgren housing and children's affairs.

Communist knight Lars Werner has quickly adapted to the new negotiation and extortion climate in parliament. To top it off he has finally been accepted as a real party leader after many years. He gets to join in discussing security policy with the "big" party leaders.

At the same time as party leaders must be simple and vote-getting symbols for their own party, the qualifications for being a party leader are rising. He or she must be simpler and more competent at the same time.

6578

CSO: 3650/201

POSSIBILITY OF PURCHASING PATRIOT MISSILES

Brussels KNACK in Dutch 2 May 84 pp 27-28

[Report by Frank de Moor: "Vreven (Minister of National Defense) Plays with Missiles"]

[Text] Until recently the Department of Defense insisted that Belgium would not buy Patriot missiles because, amongst other reasons, they were too expensive. Now it appears things are changing.

"At the moment at which the politicians have to make a decision on the series production and installation of a new weapons system, the defense experts and their colleagues in industry have already made so many practical decisions with respect to the development and the military task of that weapons system that it will be very difficult for the politicians still to reverse those decisions."

That was the introduction of an article which appeared in KNACK on 19 December 1979--one week after the NATO dual decision with respect to the installation of American nuclear-warhead cruise missiles--which explained how also our country would replace its Nike Hercules anti-aircraft missiles (possibly with nuclear charges) by Patriots, even if NATO had not asked that just this once. That has changed in the meantime. Today, 4½ years later, the department of Minister of Defense Freddy Vreven (PVV [Party of Liberty and Progress]) is finding out just how difficult it is to reverse those decisions.

It is even expected that Minister Vreven, at the meeting of the ministers of national defense of NATO on Tuesday 15 May, will explain, amongst other things, how Belgium is finally going to deploy those Patriot anti-aircraft missiles at its air force bases in the Federal Republic of Germany.

The question of whether our country was going to purchase those missiles anyhow suddenly appears to be answered in the positive now by Vreven. Just as with other dossiers, his department collaborators and Department Chief Joel de Smet think that they can solve everything with a few financial arrangements. In doing so, several things are neglected this time also.

In their great haste to decrease internal and external political pressure on the Department of Defense, they apparently forget:

--that the Nike Hercules missiles, which in the meantime have been modernized for 1 billion francs, are still functional until the nineties, and
--that the purchase of so-called SHORAD (Short Range Air Defense) systems for the protection of air- and sea-bases against air attacks is even more urgent than the purchase of Patriots (over 30 billion).

In addition, the department of national defense appeared to realize only a few months ago that the American Department of Defense itself proposed numerous money-saving solutions for Belgium in order to preserve the integrated air defense system of NATO, the so-called Nato Integrated Air Defense [NATINAD], that the Americans really were not being difficult and just wanted to let the Raytheon company supply as many Patriot anti-aircraft missiles as possible.

NATO and the countries associated with it which now have Nike Hercules anti-aircraft missiles--which are, besides the United States, also Japan, Spain, Greece, Norway, the Federal Republic of Germany, the Netherlands and Belgium--in any event will be considered for the Patriot, after the United States, the Netherlands and Belgium. Just as is customary in analogous dossiers, it proves to be important once again for NATO that a small country such as Belgium demonstrates some good will and does not forsake NATINAD as the Britons and Danes have done in the past.

NATINAD is an air defense network between East and West which essentially includes three types of arms systems. On the frontline there are the Hawk batteries, since 1979 called Improved Hawk batteries. Their missiles go a distance of about 30 kilometers and go no higher than 10 kilometers. Behind that frontline are the Nikes. They carry their conventional or nuclear bombs to a distance of about 150 kilometers and a height of about 33 kilometers. That means, in concrete terms, that the Nike for the time being is the only (?) weapon which can be put in against an attack of high altitude Soviet Mig-25 fighter planes. What some people thus write off as an obsolete (nuclear) weapon of destruction, others continue to defend precisely because of that reason in the framework of the deterrence strategy of NATO. However that may be, fighter planes such as the F-16 are operating between the ranges of I-Hawk and Nike.

The discussion about the purchase of Patriot missiles therefore also is connected to the further utilization of other arms systems and, curiously enough, the Department of Defense does not seem to (want to) take that into account. For example, the Long Term Defense Planning (LTDP) still anticipated in 1978 --and approved at the time by the ministers of foreign affairs and defense-- that the Patriot would replace both the Nike and the Hawk, and that indeed only the United States and the Federal Republic of Germany would install those patriots. Hence the hope of some that Belgium would not have to purchase those missiles, in spite of pressure by the air force to do so.

This option, which some people found encouraging, was, however, referred to a planning group in the lap of the supreme command of the allied forces in Europe, SHAPE, just as the proposed improvement of the (at the time not yet supplied) F-16 fighter bombers and their AMRAA missiles together with other items related to air defense.

The outcome of that task force was, amongst other things, that Belgium would indeed keep its I-Hawks in service in the Federal Republic of Germany, and that some of those would protect the harbors in Belgium. It was also postulated that SHORAD continued to be needed to protect the airfields and that the eight Nike squadrons (184 missiles) could remain until 1990 and would only then be replaced by six Patriot launching units. After all, by not modernizing the F-16 and not purchasing AMRAA missiles, our country would economize 20 billion francs and with that amount still buy the Patriots afterwards!

So much for the plans. In reality, the air force budget since then reserved for SHORAD has been spent on the F-16, and the army started accusing the air force that it still wanted to buy those Patriots (prematurely). The army was able to lend more strength to that accusation because it (and specifically the artillery men in the army) wants to break with the air force hegemony of many years and therefore occupy all the key posts itself: from the department chief at National Defense, via the general chiefs-of-staff, to and including the latter's planning assistant.

This chain of decisions (or favoritism?) was partly the reason that in October 1982, in spite of all the studies at hand, NATO was told by the Belgian Department of National Defense that Belgium would withdraw its I-Hawks from the Federal Republic of Germany after all. They would be used in our country as SHORAD, and the Nike squadrons would simply be dismantled. Patriots would not be bought at all.

In the meantime the Americans of the Pentagon had made considerable progress in making deals (which have meanwhile been concluded) with the Germans and Netherlanders which would see to it that those two countries (and not only the Federal Republic of Germany) would indeed install Patriots. They would not have to pay for them, however; they would get them in exchange for the manning of the Patriot bases involved with their own personnel.

Vreven's department maintained its standpoint, however. Moreover, in June of 1983 it unilaterally dismantled two of the eight Nike squadrons and sent part of the personnel home. Less than 1 year later another two of the remaining squadrons were closed, although SHAPE had asked only a few months before to save six Hawk and six Nike launching units and to only buy six Patriot units (about 160 missiles).

Receive or Pay

If the department of National Defense continued with the unilateral, and for NATO extremely annoying, dismantling of the Nike squadrons, it was not as much out of protest against NATO, but partly against the air force,

especially because Minister of Defense Vreven meanwhile expected to have to come up with his so-called personnel plan.

In it, precisely the elimination of /certain structures/ takes a central place. Without saying it in so many words, the elimination of the Nike squadrons was indeed intended in the note concerning the matter sent to the council of ministers in November 1983, with the hope of not having to buy any Patriots and of further embarrassing the air force in that manner.

The department of defense is making progress in doing that. Only, one is forgetting that it is not at all a matter of any personnel policy, that the cost of that dismantling threatens to turn out higher than keeping up those missile systems, and that in a few years time the expensive Patriot bill will still be presented to Belgium. Department Chief De Smet has kept the Americans on the backburner for the past 12 months in a manner incomprehensible to them, even though they came with solutions which could have been financially interesting for Belgium. Through pressure of the department for foreign relations, the dossier finally got unblocked at Defense. But that is a separate story altogether.

All of that resulted in Department Chief De Smet entertaining the thought of getting four Patriot launching units after all from the Americans and, furthermore, of manning them at the expense of the Americans. Defense under no circumstances wants to pay more than the current maintenance cost (about 2 billion) of the Nikes. Apparently it is not mentioned that the Americans are indeed thinking of letting Belgium pay off those Patriots at the beginning of the nineties. Then another 20 to 25 billion would have to be paid, and that can only be done for the account of the Defense budget. If not, then at the expense of later governments, but to the heightened and immediate glory of Minister of Defense Vreven.

8700

CSO: 3614/87

POLL FINDS TROOP MORALE LOWEST IN ARMY

Munich SUEDEDEUTSCHE ZEITUNG in German 4 May 84 p 6

/Article by Bonn editorial staff: "Soldiers Dissatisfied With the Bundeswehr"

/Text/ Approximately one-half of those liable for military service perceive service in the Bundeswehr to be "nothing more than occupational therapy" and feel that they are "underpaid workers," one-third of the conscripts performing basic military service see themselves treated by their superiors "like dependent children." These are some of the key statements contained in a study by the Frankfurt Batelle Institute which was the topic of a discussion on Thursday by Minister of Defense Manfred Woerner (CDU) with the military command concerning the "internal situation of the Bundeswehr."

In the army only one-fifth of those questioned are satisfied with their service. On the other hand in the air force almost one-half are, and in the navy approximately one-fourth. Without exception superiors in the army also receive worse grades: Thus, for example, approximately one-fourth of the soldiers state about company commanders that there is "something wrong" with them technically and as people. Also in the case of the question whether superiors had a correct image of the ideas and wishes of the enlisted ranks, the army, with 50 percent negative responses, comes off much worse than the air force and navy which had 21 and 39 percent, respectively. The situation is similar in the case of questions about whether superiors isolate themselves from the ranks or are concerned with their interests. Here, too, the army, which with a total of 341,000 soldiers is the largest service branch, is by a wide margin the negative frontrunner.

The Unknown Defense Commissioner

The study was done with the help of interviews and a questionnaire in 1982 in north Germany. As the authors concede, it is not "representative" in the sense of a voter poll, nonetheless it does reflect "typical opinions." Moreover, the soldiers' complaints coincide extensively with statements in the last annual reports of the Defense Commissioner. This institution is totally unfamiliar to almost one-fifth of the soldiers. Almost 40 percent feel inadequately informed about the right to appeal. The number of those who think there is no point in complaining or that they are only harming themselves is remarkably high in the army in contrast to the other service branches (23 and 34 percent respectively); thus, in the army, too, the number of those who wish they had a "gripe box" for anonymous complaints is 40 percent which is above the average of 34 percent.

Almost half of the more than 2,000 individuals questioned criticized the fact that good performance was scarcely noticed, but poor performance evoked immediate reprimand; a good one-tenth complain that above average commitment is "more readily punished." Viewed as a whole, draftees leave the Bundeswehr with a rather negative impression; even the number of those who had a "positive attitude" shrinks by one-third. Only 4 percent of the soldiers perceive their services "enrichment," 40 percent on the other hand speak of "lost time" (army: 46 percent).

According to the study, "being informed about the meaning and purpose of daily service has often turned out to be a problem," "conveying the meaning" through joint exercises with other units, inspections and training is, of course, "possible and necessary." Consultation with the district selective service offices and the military service advisers has turned out to be problematic when expectations were awakened which in respect to location, activity and further training "for the most part were not realized."

On the topic of political training the authors of the study determined that instruction is perceived as rarely or never "interesting" by more than 40 percent. Only a "precipitous" improvement in the pedagogical capabilities of the trainers can produce a remedy, especially since the draftees criticized the fact that in the training of superiors "leadership" obviously comes up short and fitness of character is given too little consideration. The command conduct of the company commanders penetrates into the level of the noncommissioned officers.

The poor performance of the army is attributed in its command staff on the one hand to the psychological situation of the soldiers who for the most part are stationed "far from home" in North Germany and on the other hand to the lack, which was especially marked in 1982, of qualified noncommissioned officers with advanced training. There is the hope that reducing this deficiency in respect to noncommissioned officers together with the improvement in training which has been introduced will help remove the deficiencies. Changing officer training with the goal of more "field experience" and the increased importance, which in the future is to be accorded to "pedagogical capabilities" in evaluations, could also contribute to this.

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CSO: 3620/312

VERHOFSTADT ON PRIVATIZATION, DEREGULATION OF ECONOMY

Brussels KNACK in Dutch 25 Apr 84 pp 13-16

[Interview with Guy Verhofstadt, Chairman of PVV (Party of Liberty and Progress) by Hubert van Humbeeck and Frans Verleyen: "The Long March of the Liberals"; date and place not specified]

[Text] PVV Chairman Guy Verhofstadt is appalled by the syndical counterplan with which the unions are trying to wrest a change of the cabinet policy even now. Nonsense, he says, not discussible. And: the liberal influence on Martens V [cabinet] is very much greater than is often suggested. Nothing less than a nice, liberal wind is blowing through the Belgian economy.

[Question] You are very ironically pursued by your own election slogan: not you, but the state is living beyond its means. This legislature, however, will have imposed a permanent decrease in income of 13 percent and it will even this year dig a budget hole of 500 billion [Belgian francs]. What is so liberal about that?

Guy Verhofstadt: All parameters indicate that the dismantling prior to 1981 has been halted. But I am happiest about the fact that now there are many dossiers on the table which are discussible for the first time and have even been included in the most recent savings plan. I am referring to the reform of social security, the privatization of public services, the restructuring of many official practices and the so-called deregulation; the elimination or softening of numerous regulations, especially in the socioeconomic sector. All of that will come up for discussion. Without claiming that Martens V is following a purely liberal course--which can't be done anyhow in a coalition with 31 percent christian democrats and 21 percent liberals, I believe that we are on the right road. But the savings plan, which is already a compromise, will indeed have to be carried out. It includes a number of mechanisms which the liberals had consciously put in and which are much more fundamental for the future than those three index jumps one is always talking about. Perhaps the most important thing is the passage on privatization of a number of government services. That idea, including the turning of assets into money for the public sector, is clearly stated in the savings plan which was approved by the government.

[Question] But none of that is mentioned in special powers decisions which went out in the night of 31 March.

Verhofstadt: One might indeed fear that this theme will be seen as wishful thinking and that one wants to keep it out of the coming recovery law. In order to avoid that, I am very emphatically asking for a special amendment in that law, or for a commitment by the government and the prime minister.

[Question] You spoke indeed of a "wave of privatization" which the liberals want to unleash. Which activities were you referring to?

Verhofstadt: Many things can be privatized: SABENA, SOBELAIR, the telecommunication industry, parts of the postal system, the state monopoly of maritime transport, the RTT [National Telephone and Telegraph], public financial institutions. . . In the United Kingdom putting British Steel on the free market yielded 300 billion, through the sale of only 31 percent of the shares. Those who privatize not only have that type of new income, but they also avoid the subsidizing. I find that a tremendous mechanism for our country and I don't want it to remain just a dead-end phrase in a few sentences from the savings plan. If the government does not do anything about it, it deviates from a coalition accord which was approved by the chamber and the senate. Then it would thus be blaming its own majority.

Accelerate

[Question] Privatizing sounds like a time-consuming job.

Verhofstadt: We have actively started with it here in the party. We are now in the process of putting that matter on paper, point by point. We ourselves are taking up contact with private companies to find out whether they have an interest and in what. Actually, that is not the work of politicians, but I want to accelerate the matter.

[Question] Which sectors have you already offered to those private investors?

Verhofstadt: Those are both domestic and foreign institutions. The first test can best be done with the state monopoly of maritime transport. It is not too large a company and it is engaged in the most commercial activity one can think of: transporting people to Dover and back to Ostende. I went to the United Kingdom to see what is the best method for selling government companies. They can be sold directly to another company or the majority of the shares can be sold at a minimum price at the stock exchange. I think that the second formula is the best.

[Question] Isn't there a danger once again that the private sector will get hold of the profit-making companies and that the state will collectivize the losses, as with Cockerill?

Verhofstadt: There is no profit to be privatized, for there is none. The private sector can only hope to make a profit in the future, through a more effective exploitation. That is not difficult, of course, for gas, oil or

energy. However, it is more complicated for activities which can be compared to, for example, the automobile manufacturing of British Leyland. With the NMBS [Belgian State Railways] privatization will not be possible, except for some inter-communal activities. Although... also in the United Kingdom one is breaking through the monopoly of the British railroads, and between Gatwick and London there will be a second line which will compete with the official one.

Currently I am doing everything possible to set up similar dossiers also in the Belgian context. In doing so, I continue to keep in mind that better services will be offered at lower prices, that the state will get an amount of 25 billion per year from the sales, and that the treasury will be freed from all sorts of subsidies.

[Question] Won't you get a great deal of political resistance?

Verhofstadt: Slowly but surely I'm still seeing a change in mentality. Just recently CVP [Social Christian Party] Secretary of State Paula Dhondt said that she wanted to eliminate the RTT monopoly to a limited extent. She is only thinking of video screens or the installation of a second telephone. I wonder why not the first one as well, but still . . . Haven't you noticed that the fierce resistance against the American company Federal Express has died down considerably? One went from a radical "nyet" to a careful no, or to a /why not/ "if there are advantages to it?"

[Question] Doesn't privatization bring along greater unemployment?

Verhofstadt. The British experience shows us that one third of the personnel can be eliminated. Thus the government service is one third unproductive. The layoffs in the United Kingdom, however, have taken place rather quietly, with programs of early retirement, etc. Also, there was considerable emphasis there on the distribution of shares among the company personnel. Sharing in the profits strengthens the desire for effectiveness in these employees. I would like to see that happen here too. The government ought to do everything possible to go in that direction.

Downward Turn on Paper

[Question] Much time is necessary, however. Aren't you speaking with an unmentioned voting booth accord in mind for after 1985, also with respect to the so-called savings plan?

Verhofstadt: I start from the premise that the cabinet will stay until November 1985. Thus Martens V still has to compose the budget for 1986. Normally that happens the preceding summer. The savings plan also goes on to 1986 and thus it perfectly coincides with this legislature.

[Question] Do you have other desires besides the selling of superfluous state services?

Verhofstadt: That is indeed only one point of the four, and added to that is still the precise fate of those sacrificed 2 percent. In the government accord on those index jumps it is emphatically stated that these three times 2 percent can remain within the enterprises under certain conditions. That must be cemented on the spot through precise accords, preferably through and within the enterprise itself. I am a great opponent of central, national and even sectorial accords. If those index jumps automatically go to the treasury, they form a hidden tax and that would be a mockery of the original government accord. It would become even more senseless if the government or a majority group in parliament want to submit to the union demand to replace the 2 percent by an increase of the social contribution by way of employers, employees or both. That would push company costs up again, affect the competition and destroy jobs. Don't forget either that it would go against what was still recently approved by parliament. It cannot be done; it is out of the question for us. He who starts about that in the majority is heading straight toward a conflict with the liberals.

[Question] The civil servants already lost their 2 percent for 1984.

Verhofstadt: Yes, but that is a separate problem between them and their employer, the state. I am talking about the money of industry.

[Question] The prime minister himself said that the savings plan can still be modified if there are alternative proposals with the same effect on the budget.

Verhofstadt: Yes, the proposal of the pressure groups is flagrantly counter to the government plans. It would be ridiculous to pay attention to it.

[Question] If those 2 percent remain within the companies, then how will the budget for 1985 look? You are speaking of a "savings plan," but in fact one is hardly saving. This year the deficit continues to be 1/2 trillion.

Verhofstadt: But it did decrease to 11.5 percent of the gross national product. That is 1 1/2 point less than last year. Thus there is progress, even if that sum of 500 billion is much too great. For the time being I am happy with the first rays of hope. For example, the debt increase in 1984 in absolute figures (30 to 40 billion) is lower than that in the first 3 months of 1983. The downward turn in the graph looks good on paper.

[Question] But that line still is unbearably high.

Verhofstadt: We are not the ones who made that.

[Question] The socialists, perhaps? But you have been in the government as long as they have during the last 10 years.

Verhofstadt: All political parties made bad mistakes until far into the seventies, not only the socialists. The tendency toward dirigisme penetrated even into the PVV. He who now reads the liberal congress texts of 10 years ago, cannot believe that he is dealing with PVV standpoints. An enormous

evolution has taken place within my party. It was anyway the first to take the blame for the collective mistake of the past. As to that budget policy, I believe that we can go to that 7 percent debit situation if we do what we announced: thus the privatization, the thorough reform of social security, the bureaucratic restructuring according to the four plans of Secretary of State [for Public Affairs] Louis Waltniel and the deregulation of many government regulations.

The Waltniel operation could yield billions, but no one knows how much. In the first place it is not a budgetary plan, but one of political clarity and decency within the administrative machinery. It wants to undo the state tangle and set a good example. Waltniel wrote four fat reports; I have them here. One deals with the scrutinizing of extra bonuses for government personnel, another with vzw's [state-owned non-commercial organizations] in public office, a third with the social services costing billions, and another one with various government institutions and the question as to their need. Concrete proposals for the elimination of abuses and unrestrained growth are attached to the reports. Our christian government partner is acting as if he does not want that purification. He carefully looks away from the Waltniel operation and apparently wants to continue with the phenomenon that someone who is hired as a typist in some state services gets a bonus in addition simply because she can type on the machine. I assure you that those conditions exist. And I'm asking the CVP to stop the boycott and do something.

[Question] What do you think of the theme of deregulation which came here from the Netherlands?

Advertisement

Verhofstadt: We promptly want to see that theme in the recovery law. We are no longer willing to wait and our parliamentary groups will tackle the matter. The savings plan already includes a number of actions toward deregulation, especially in social legislation; the facilitating of limited duration contracts, the softening of the regulations on terms of notice or compensation in breaking a work contract. These types of things should give the small independent enterprises the confidence to recruit people faster than now. They decrease the risks on the social obligations.

Besides that simplification, the Commission on Administrative Formalities also has submitted its recommendations. There are 23 of them; the administration managed to carry out only 3 of them in one year's time. I should like to have a separate minister for this type of work. It will have to be a very massochistic politician, for he will have to eliminate matters from which politicians usually get their power. Perhaps we can put an ad in the paper.

[Question] You often say that the coalition partner does not want to go along. Are the liberals imprisoned in the christian government policy? Are you the Georges Marchais of Martens V?

Verhofstadt: Not at all with respect to subject matter; everyone knows that. What we are now experiencing is the following: After 20 or 30 years of dirigisme everyone is gradually awakening. We are carefully going in a different direction. We are talking about deregulation and privatization. The first dossiers about the T-zone [Technology zone?] have been approved today. They include a project of 195 jobs in 1986. The other two are smaller, but he who does not honor small things does not deserve the large ones. 5 years ago people would have shouted bloody murder over this development, but I am sensing a long period of liberalization which I believe will continue for a quarter of a century and will free us from the crisis. Within the current government the PVV is pressing the policy in order to speed up the process. All those little successes gradually decrease the chasm what the liberals want and what the government does. In Paris it's just the other way around. The distance between what Marchais wants and what Mitterand can only do is increasing.

Over here the chasm may be almost closed in 2, 3 year's time if the facts will force us to thoroughly discuss social security,

[Question] Minister Dehaene said that the savings plan is in the line of his proposals of 1983. And you called that propaganda language. Are there tensions?

Verhofstadt: Surely everyone notices that Dehaene's original plans are not in that savings plan. The latter deals with rather neutral measures which are supposed to lead to limited reforms, the decrease of a number of benefits and no decrease in social contributions. The big Dehaene plan contained only contribution increases and more state allowances or diversions from the BTW [Value-added Tax] to the social sector. All of that was on Dehaene's page 125. We have thwarted it, but we are still standing at something of a crossroads with respect to social security. Everyone, including Dehaene, is hovering around that pot.

[Question] Don't some of the little people in your popular following blame you for their cut in income?

Verhofstadt: So far I have not had any negative reactions on the reforms in the social sector and the coupling of unemployment pay to the previous career. People don't find that socially unjust. For that matter, the number of members of the PVV has risen from 56,000 to 70,000 under my chairmanship. I hope it to reach 77,000 next year.

[Question] In the meantime another social debate, that between the unions and Andre Leysens, will have failed. That could cause difficulties.

Verhofstadt: I think that the same thing will happen as last time: no inter-professional agreement, failure of 75 percent of the sectorial negotiations and considerable success in the discussions separately within enterprises.

Education

[Question] You are saying remarkably little about education, a government service which uses one quarter of the budget.

Verhofstadt: We're not completely ready with that dossier. We are however looking for a structure which makes the control of expenditures possible: each school becomes autonomous and has to manage with a financial package it is given. The school itself is the managing authority; it appoints and dismisses its personnel and gets much more responsibility in setting up the educational program. To the VU [People's Union] and the CVP that idea is not unattractive, but it is anathema to the SP [Socialist Party]. That party does want an autonomous council, but it should be firmly led from above and be stuffed with ACOD [General Trade Union Federation of Civil Servants] members. I know very well, of course, that a big educational reform cannot leave the personnel without a statute from one day to the next, but the local boards definitely have to get more elbow-room. We have to push them a little in that direction, just as with the measure on privatization of cleaning-and maintenance personnel. I also wonder whether some forms of education, such as boarding school and infant care, should not be paid by parents themselves. The /profit principle/ according to everyone's financial power.

[Question] Can culture still be subsidized in your view?

Verhofstadt: No, unless it is on an exceptional basis for one or the other valuable experiment. Instead of subsidies, liberal instruments ought to be available in the cultural sector such as tax credits and tax exemptions. That cannot be done for the time being because the subsidy regulation is regional whereas tax elimination must be done on a national basis. In the meantime the system of allowances is continuing, but it is wrong, wicked and authoritarian. The government decides which cultural experiments are valuable or not.

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CSO: 3614/85

SPITAELS OFFERS PROPOSALS ON ECONOMIC, REGIONAL POLICY

Brussels LE SOIR in French 4 May 84 p 1,2

/Article by Guy Spitaels/

/Text/ The liberal Right has already been responsible for seven budgets in the past 10 years. More specifically, after two and a half years of Martens V, the country knows what to expect: this government is known for the devaluation of the franc, accelerated economic deflation, record unemployment, exceptionally high taxes, and a steady rise in prices. This government has increased injustices against workers and social security recipients, at the same time that it is dismantelling public services.

But, whenever the Socialist Party denounces its policy and says that it is possible to govern differently, in a more economically effective and socially equitable way, the government and the majority parties use an old trick and peremptorily announce that the opposition has no alternative, which relieves them of the need to refute our proposals!

This approach is unimaginative and shows contempt for all those who are not convinced of the worth of the Martens-Gol team's policy. This does not include the socialists alone, but also other working class groups and a constantly growing number of people from the middle classes, who are hoping for a change in the direction of the struggle to overcome the crisis. On 1 May liberals from the South and the North made statements chastising those who had the effrontery to try to defend their own ideas!

Concerned that its actions reflect its words, the Socialist Party /PS/ is advocating another policy, namely, the contract introduced to the public containing seven main points:

Clause No. 1: Revive the economy

The socialists first want to invest 40 billion in the critical industries, construction, communications and telecommunications, scientific policy and the entire energy field.

The objective is to create or safeguard 40,000 jobs by means of this "selective economic revival" of carefully chosen sectors to rebuild an industrial base in our devastated regions.

Clause No. 2: Increase the number of jobs

Reduction of the work week implies more work sharing, and thus should increase job possibilities. Since it is impossible to do everything at once, wages will not be increased.

Clause No. 3: Indexing should play a role

The real reflection of the cost of living, indexing should be applied to salaries and social security allowances, so that purchasing power is maintained.

Clause No. 4: Halt the constant rise in prices

The absurd overheating of prices must be moderated, first by a freeze, and then by strict controls, which is just the opposite of the current, costly policy of no controls.

Clause No. 5: A sound social security policy

Martens V attacks against the unemployed, the VIPO /expansion unknown/ and the ill are a parody of the social security system.

This policy should be stopped. Savings can be realized and a more balanced budget sought without affecting the basic rights of social security recipients, which must be maintained.

Clause No. 6: Control government finance

The government deficit must be reabsorbed by controlling the budget.

But not just any way! The objectives should be social, and the axe should fall on all the budgets.

Clause No. 7: The Walloons and Brussels should be able to make their own decisions

Community problems are very much felt.

Whether the issue involves the steel industry, aviation, military posts, or attacks on the education system, the Walloons and Brussels are always the preferred target.

The Socialist Party is asking for radical federalism for the French-speaking sector, making them masters of their economic policy, their infrastructure, education system and research. The Walloons and the people of Brussels should have the power to manage their own affairs.

These seven points may be added to or further developed over the coming months, but they already reflect the main ideas of the contract proposed by the PS to the French-speaking population and to those with similar views.

This socialist contract is very clear. To implement it, however, the PS must have sufficient political strength.

The European election on 17 June involves general political objectives, and our contract fits perfectly among them, with no changes needed.

This will be an opportunity for voters to come out against the unfair policy of Martens V and also to subscribe to the Socialist Party's contract, the pledge of a change needed for true political, economic and social freedom to exist and one which would rid us of the restrictive measures of special power groups.

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CS0: 3619/61

ECONOMIST SAYS GOVERNMENT ON RIGHT TRACK WITH POLICIES

Copenhagen MANEDS BORSEN in Danish May 84 pp 19-20

/Commentary by Economist Torben Nielsen: "Economy Continuing On the Right Track In Spite of Inflation and the Deficit"

/Text/ The government's honeymoon is gradually coming to an end. The almost euphoric expectation of favorable development by the Danish economy has been replaced by a somewhat more subdued optimism in the past few months. Things went well--almost too well--in 1983. The powerful upswing of the economy immediately produced the impression that the economic problems could be solved relatively quickly and easily if we were able to stick to our strict economic policy. However, the most recent months have served as a reminder that prosperity does not fall into our laps like manna from heaven. The foreign trade and payments balance deficit is increasing, inflation is accelerating and there are indications that the income-policy framework is being strained to the bursting point in big wage-earner groups. Against that background, one cannot complain over the fact that the good tone on the stock market has changed to one of pronounced bearishness. The interest on bonds increased by 1½ percent in the 1st quarter and stock prices fell by 30 percent on the average.

But instead of giving way to a feeling of bearishness in good earnest, it should be mentioned that the economy is moving in the right direction in a large number of other areas. Investments, industrial production, exports and employment are increasing steadily, while on the other hand the pressure on government finances is dropping. In other words, there are a number of pluses and minuses in economic developments at the present time, but even though the minuses are perhaps tending to gain greater and greater importance, the primary impression one gains, nevertheless, is that the economy is continuing along the right track.

In particular, it is the developments in connection with the trade balance that are causing anxiety, and for a very good reason. At the moment, the trade figures are like a horror movie. During the first 2 months of this year, we have succeeded in running ourselves into a trade-balance deficit that is bigger than the deficit for the entire year of 1983. In both January and February, the deficit amounted to a good 1.3 billion kroner, and that must be seen in relation to an overall trade-balance deficit of 2.3 billion kroner in 1983. In actuality, the trade-balance deficit is now at the same entirely unacceptably high level as in 1982--the year when the payments balance deficit reached a

record-high figure. And there was no lack of prophecies of doom. The Council of Handicrafts, among others, has predicted that the balance of payments deficit will be at least 20 billion kroner this year if the January/February tendency continues. However, things are hardly going that badly, but on the other hand there also is no hope that the government's originally proclaimed intention to reduce the balance of payments deficit will be lived up to this year. The deficit will inevitably increase.

The problem consists of the fact that growth of overall exports is declining while imports are accelerating. On the export side, sales of ships and agricultural products are dropping off. The exportation of used ships was unusually heavy in 1983, and therefore it is not surprising that sales could not be kept up to that level, and the slight increase in agricultural exports is linked to the poor harvest.

On the other hand, industrial exports are constantly increasing with an impressive amount of intensity. In terms of fixed prices, the growth amounted to as much as 13 percent in January and February. All in all, exports increased in January and February by approximately three percent in quantitative terms. And that is too little when imports correspondingly are increasing by as much as 20 percent.

There is no one item on the import side that can be held responsible for this tremendous increase. In general, all groups of commodities are increasing at the same rate of speed, and in doing so they reflect the fact that the increase in demand in this country is broadly based. Consumption by private individuals, housing construction and industrial investment, including investment to build up inventory, are on the increase, and therefore imports are inevitably increasing. However there is hope that the growth in imports will decline during the coming months.

In the first place, available real wages are not increasing this year. That is to say that there is no basis for expecting that the leap made by consumption by private individuals in the 3d and 4th quarters of 1983 can be continued in the future. The nearly explosive sales of automobiles will probably also decline. That will improve the trade figures. In the second place, the importation of raw materials always increases sharply during the first phase of an economic recovery. Stocks of raw materials have to be built up again, and we pay dearly for that in the balance of trade.

In the third place, there is hope that the dollar will weaken. That would help the balance of trade, and that help would be especially welcome. But even if there is a relatively big drop in the exchange rate of the dollar, a worsening of the trade-balance deficit, and consequently of the balance of payments, cannot be avoided this year. The deficits during the first few months have been so big that it will not be possible to repair the damage this year.

It is also becoming more and more difficult to keep price increases down. Originally, the government hoped that inflation could be kept at a level of about five percent this year, but, as is the case with the balance of trade and the balance of payments, it is hardly likely that that dream will be fulfilled. Actually, inflation is in the process of picking up speed again.

Thus, the monthly price index for February was calculated at 139.8. By comparison with the previous year, that corresponds to a rate of inflation of well over seven percent. It is foodstuffs and transportation, above all, that are rising in price. In the most recent years, food prices have increased by nine percent. Ordinarily, nothing is so bad that it is not good for some other purpose, and that also holds true in regard to the rising food prices. Specifically, it is the resumption of the exporting of pork to the lucrative Japanese market, among other things, that furnishes the primary explanation for the fact that we have to pay more for our foodstuffs.

Correspondingly, transportation costs have increased by eight percent on a yearly basis. Here one of the factors that are making themselves felt is the public efforts to economize which take the form of increased consumer charges. It is a long-established tradition in Denmark that the government in power seeks to fight inflation by raising the taxes paid by consumers--that is, by raising prices. Perhaps that explains why inflation in this country traditionally is at a somewhat higher level than in the other Western industrial countries.

But it is not just the government and agriculture that are jointly causing unsteadiness of prices instead of price stability. Foreign countries also are helping, and import prices--the prices of raw materials, in particular--are increasing especially sharply at the present time. Thus, in January and February of this year, raw material prices were 20 percent above those of the previous year. It is the dollar and the international economic recovery that has begun that provide the primary explanation for the upward surge of raw materials prices. It is extremely bad for inflation to be accelerating again. Thus, a firm policy regarding the rate of exchange of the krone calls for inflation to be kept at a lower level than that which prevails in the countries that are our most important trading partners, or at least at the same level.

If we are not able to keep inflation down, we will not be able to maintain a strict policy as far as the rate of exchange for our currency is concerned, thereby eliminating the basis for the present level of interest rates.

Finally, a fresh outbreak of inflation would unavoidably give extra impulse to wage increases. There are already many indications that the income-policy limit of four percent for this year will be exceeded in the minimum-wage area--that is, typically, among the skilled industrial workers. On the other hand, wage improvements within the area of standard wages seem to be in line with the income-policy limit. However, in general, the two areas of agreement, according to tradition, have parallel wage developments over the somewhat longer term. Therefore, if the wage limit is exceeded in the minimum-wage area, that invariably will affect wage developments in other areas of agreement.

Even though the trade figures and inflation cause deep wrinkles in the forehead, there nevertheless is always something to be happy about, for the most part. Thus, industrial production is increasing with undiminished vigor. In January, industry's turnover of goods and services was actually as much as 15 percent above that of January 1983. The number of orders received actually increased by 12 percent and there were 15 percent more orders on hand than in January 1983. Those are figures that should smooth out the wrinkles in the foreheads

The figures for the last 9 quarters are as follows:

1st quarter of 1982, 290,000
2d quarter of 1982, 245,000
3d quarter of 1982, 230,000
4th quarter of 1982, 266,000
1st quarter of 1983, 310,000
2d quarter of 1983, 275,000
3d quarter of 1983, 256,000
4th quarter of 1983, 281,000
1st quarter of 1984, 323,000

The Labor Market Boards anticipate an average unemployment of 277,000 in the 2d quarter of 1984 and of 255,000 in the 3d quarter. On 2 May 1984, 307,000 people were unemployed, or the same number as were unemployed at the same time in 1983. The government's economic secretariat expects average unemployment in 1984 to be on the same level as in 1983. In the Labor Movement's Trade Council, they are looking for it to be a little bit more.

The government's economists expect a small drop in unemployment in 1985. Here the Trade Council expects an increase. "Just the government's compromise with the Radical Liberal Party, alone, will mean from 15,000 to 20,000 more unemployed people in 1985," says Director Age Munk. "The government's economists are basing their estimate on the assumption that consumer prices will only rise by 3.5 percent in 1985. That is unrealistically low. Higher inflation and consequently lower consumption, which in turn has an effect on employment, must be expected," he says.

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CSO: 3613/168

INDUSTRY ORDER BOOKS POSTING DRAMATIC INCREASE OVER 1983

Copenhagen BERLINGSKE TIDENDE in Danish 10 May 84 Sec III p 1

/Article by Frank Dahlgaard: "Orders Are Streaming In To Industry Now"/

/Text/ The orders in the hands of industry have increased by 27 percent in a year. The iron industry is leading the way in the economic upswing.

Orders are streaming in to industry, which now has an accumulation of orders that, measured in terms of kroner, is 27 percent bigger than at the same time last year.

That is evident from the Statistical Bureau of Denmark's most recent statement concerning industry's status where orders and turnover are concerned. The figures show that it now is the iron industry and the capital goods industry which have taken the lead in the industrial upswing.

Industry's turnover in the 1st quarter of 1984 is quantitatively greater than turnover in the same period of 1983 by 10 percent. The seasonally corrected quantity index for industrial sales increased by five percent from the 4th quarter of 1983 to the 1st quarter of 1984.

In current prices, the orders received in the 1st quarter exceed those received in the 1st quarter of 1983 by 21 percent, and the figures show that it is especially from abroad that orders are flowing in to the Danish enterprises now. However, where the capital goods industry and the iron industry are concerned, the orders that have been received have come chiefly from the Danish domestic market, and that shows that investments have now really gotten started in this country.

At the end of March, orders in the hands of industry as a whole were 27 percent higher than at the same time in 1983. However, export orders on hand have increased by 28 percent, while Danish orders on hand have increased by 24 percent.

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CSO: 3613/168

NEW BUSINESSES BEING ESTABLISHED AT NEAR RECORD RATE

Copenhagen BERLINGSKE TIDENDE in Danish 16 May 84 Sec III p 1

/Article by Jens Juul Nielsen: "3,000 More Businesses In Half a Year"/

/Text/ An explosive increase in the number of businesses has taken place. While the number of businesses dropped off only 3 years ago, the increase in the course of the last half year is greater than in all of 1983.

More and more people are starting their own businesses.

In just 7 months, the number of value-added-tax-registered enterprises in urban business increased by well over 3,000. In September 1983, the Directorate of the Customs Service listed 241,235 value-added-tax-registered enterprises in urban business. In April 1984, the number was 244,429.

2,500 More, But In a Full Year

From 1982 to 1983, the increase was a little less than 2,500--from 238,864 to 241,235. Thus, the increase in a full year was less than in the course of the last little more than half a year. And from 1981 to 1982 people were talking about an actual drop in the number of value-added-tax-registered businesses. In September 1981, there were 239,567. That dropped off to 238,864 in 1982.

Appreciably More Businesses

However, the number of new businesses is appreciably bigger because a replacement of about eight percent of all companies by others takes place every year.

In a commentary on the new figures by the customs service, Administrative Director Laue Traberg Smidt of the Council of Handicrafts says:

"The drop in interest rates is the most significant cause. Formerly, entrepreneurs had a larger amount of starting capital, often in the form of exempted values of their homes. They have those to a lesser extent at present, and the interest rates are the determining factor there. We performed an investigation a year ago that showed that the businesses that are starting up now being to employ people in the course of a year and a half."

Confidence In the Interest Rate Drop

Director Peter Nergaard of the Provincial Chamber of Commerce also believes that the drop in interest rates, and confidence that the drop is a permanent one, is an important cause, but he also points to the increasing turnover in retail trade as an important factor. He thinks that a large number of the new businesses are to be found in the field of services and specialized businesses.

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CSO: 3613/168

GERMAN EXPORT SUCCESS IN JAPAN REQUIRES MARKET RESEARCH

Duesseldoft HANDELSBLATT in German 17 Apr 84 p 5

[Article by Andreas Gandow: "Information Gaps Still Hindering Many Chances for Cooperation"]

[Excerpts] In the opinion of Hiromichi Miyazaki, Japanese ambassador in Bonn, the cultivation of relations between Japan and the FRG should not be left solely up to politicians and a limited number of economic representatives.

Miyazaki found that in the FRG there is either a lack of knowledge about modern-day Japan or the image of Japan is greatly distorted. On the one hand, this is determined by special historical and cultural features or even superficial impressions, and the other extreme would be the knowledge of current top technologies, such as robotics and computer or video technology. But the overall image of Japan in the FRG is also inadequate.

Here Miyazaki is also implying a cautious criticism of an inadequate effort to reduce this information deficit.

However, stresses Miyazaki, it is important that the deepening of mutual trust and understanding not be left in the hands of a limited number of politicians, economic representatives and scientists. The task for the future is to put relations on a broader basis.

Necessary Investigation of Market Requirements

Miyazaki, however, emphasizes that he sees a danger in short-term and excessive expectations on the part of the Germans. The ways of doing business are different in the two countries. In the extreme, in Germany it appears that an enterprise that offers its products at a trade fair for a reasonable price expects customers to buy these products. This happens in Japan too, but when the objective is to be active in opening up the Japanese market, then market research and contacts with potential customers ought to be at the beginning of business activity to determine which products are in demand in this market.

Then, in a second step, would come the modification of these products in Japan with an orientation toward consumer needs, only then followed by the

sale itself. He has gained the impression that in Germany, on the other hand, too often one thinks that a good product will sell itself.

Intense Competition

In international terms, it is traditional for investment to be a very high proportion of gross national product. This also means a large demand potential in the capital-goods sector. The intensity of competition, however, be it in the development of new products or of new production methods, is thereby extremely great.

This intensive competition must be considered when German companies commit themselves to the Japanese market, and a specific competitive advantage of the German seller or investor must be the basis of the company strategy in Japan.

Possible difficulties with investment in Japan do not, therefore, originate in the regulations or restrictions of government agencies--on the contrary, the Japanese Government strives to encourage foreign companies to commit themselves in Japan, as was recently expressed in the sending of a government delegation from Hokkaido Prefecture--but in difficult competition with Japanese competitors.

This is to say, thorough market research is an indispensable prerequisite for market success. At present, Japanese investment in the FRG would clearly exceed German investment in Japan. It is desirable to have a further balanced increase in this mutual interlacing between the two countries.

In regard to the problems in foreign trade, Ambassador Miyazaki is basically of the opinion that the existing trade imbalance is in need of correction, although it may not be proper to consider only bilateral trade here. Seen over the long term, however, a balanced situation in commerce between the EEC and Japan is desirable.

False Complaints of Trade Obstructions

"The claim that the existing imbalance is the result of trade obstacles, through tariffs or otherwise, avoids the facts: customs tariffs are lower in Japan than in Europe, and standards, norms and other provisions that are considered to be non-tariff trade restrictions have been largely reduced in the last 3 years." Accordingly, Japan is the most open market in the world, but it is characterized by extremely intensive competition.

It is thereby not just a matter of price or product quality but also a matter of readiness to delivery and confidence between buyer and seller. This is particularly significant for a smooth production flow in view of the elaborate production system in Japan, which above all has the goal of minimizing intermediate depots. It is therefore desirable to have a strong commitment and a more aggressive effort for the market.

Basic Requirement is Proper Marketing

The fact that the weakness of the German mark in recent months has not yet had a positive effect on increasing German exports to Japan underscores the fact that not only price but also marketing in the broadest sense determine success in the Japanese market, stresses Miyazaki.

There is still an overall lack of awareness of the importance of the market and its possibilities for future expansion. Instead of complaining about special features, it would be more effective to adapt to these features and offer products suitable for marketing, as do Japanese firms.

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CSO: 3620/303

ENGINEERING TRADE GROUP SETS UP CONSULTING OFFICE IN TOKYO

Munich SUEDEDEUTSCHE ZEITUNG in German 24 Apr 84 p 26

[Article by Gebhard Hielscher: "An Office in Japan After Long Hesitation"]

[Text] Tokyo 23 April--VDMA (Association of German Machine-Building and System Construction, Registered Association) has just opened an office concerned with permanent and systematic market observation in Japan, the biggest competitor for the German heavy-engineering and system construction industry, in cooperation with a local German consultant firm. It is presently the only German industrial association which has done so. The office, which has been operating on a provisional basis already since January, went into high gear during the German performance show which was opened in Tokyo on Easter Monday. For his association, the establishment of such a bureau is "an uncommon process which has no parallel anywhere in the world," declared VDMA chief business manager Justus Fuerstenau in talking to the press in Tokyo. This points up "the extraordinary interest in this interesting but also difficult market and also in this competition which in the meantime has become the most important one for the FRG."

So far, VDMA has been represented abroad with a bureau of its own only in Brussels. Besides, a VDMA office existed intermittently in Rio de Janeiro during the 1960's but it had to be closed again later "at a tremendous loss" (Fuerstenau).

Lengthy Negotiations

The bad experiences in Brazil certainly contributed to the fact that the self-styled "biggest individual association within the Federal Association of German Industry" decided to open up a permanent agency in Japan so late although the tremendous expansion of Japanese heavy engineering and system construction had been known for many years and although systematic observation of this powerful competitor made it seem advisable to do so in order to recognize new

developments early and to be able to take countermeasures at the right time. An offer from the DIHKJ (German Chamber of Industry and Trade in Japan)--to handle regular market observation and to establish business contacts for the VDMA--was rejected obviously for cost reasons. The cheaper current solution, that is, to give the job to the firm of JBS (Japan Business Service) materialized only after about 2 years of negotiations.

JBS is managed by a German who has been living in Japan for about 20 years; he is Holger Wittich, a man with a degree in business who speaks fluent Japanese and who furthermore operates two commercial firms in the consumer goods sector. The new VDMA office in Tokyo furthermore employs four Japanese staff members who know German, including a former student of the German school in Tokyo whose potential of German-speaking Japanese or Japanese-speaking Germans has so far been hardly tapped by German industry.

VDM takes care of the basic cost of the new office in Japan from its general membership fee. To the extent that individual specialized groups request special services for their particular sector within the association, they pay an additional fee for that. Moreover, individual firms within the VDMA have an opportunity to use the office's services for special requests. They are billed for these services separately.

In 1983, the FRG exported machines worth DM1.021 billion. That was 0.9 percent more than the year before and 30.8 percent more than in 1970. The most important groups of machines within the total export volume going to Japan were printing and paper machines with a share of 18.4 percent in 1983 and a value increase of 22.4 percent compared to the year before that. They were followed with a share of 11.9 percent by machine tools whose exports to Japan in terms of value however declined by 31.4 percent as compared to 1982. The third-largest share was taken by food and packaging machines with 10.1 percent. Here there was no major change compared to 1982 with a value increase of only 2.6 percent.

In 1983, Japan exported machines worth DM2.11 billion to the FRG, an increase of 35.2 percent compared to 1982 and as much as 621.96 percent compared to 1970. The lion's share was taken here with 51.2 percent by machines from the office machine and data processing sector; this corresponds to a value increase of 62.2 percent compared to the year before. Within this category, data processing machines and systems alone took a share of 35.8 percent out of the total Japanese machine exports going to the FRG with a value increase of 96.7 percent compared to the year before. Drive equipment, especially roller bearings, followed far behind with a share of 7.9 percent (15.7 percent increase compared to the year before) and machine tools showed a share of 7.8 percent (up 7.4 percent compared to 1982).

Surpluses in the Past

The resultant deficit to the detriment of the FRG amounting to DM1.089 billion, almost doubled compared to the year before (down DM547.8 million). In 1970, on the other hand, the FRG had achieved a surplus of DM488.8 million although the volume was much smaller. The current imbalance in bilateral trade relations in the heavy engineering sector to the detriment of the FRG was described as "completely unsatisfactory" by Arno Mock, chairman of the VDMA Foreign Trade Committee. Mock especially criticized Japan's particularly low import share with "barely 5 percent." "With a figure of about DM160 billion, the Japanese domestic market for machines is exactly twice as big as that of the FRG. In Germany, DM25 billion or 31 percent are taken care of by exports whereas in Japan that comes to all of DM8 billion or 5 percent." One should work toward the target of raising the Japanese import share to about 15 percent.

Mock of course did refrain from repeating before the press in Tokyo the assertion to the effect that the Japanese market is supposedly blocked off in the heavy-engineering sector; that statement had turned up in press releases that had been prepared and distributed. The Japanese trade surplus was the only piece of evidence mentioned for that in the prepared speech text. Outside the press conference, the chairman of the VDMA Foreign Trade Committee later on admitted that the German heavy-engineering industry had not found it necessary in the past to be concerned intensively and systematically with the Japanese market. Along these lines, VDMA chief business manager Fuerstenau had earlier told the German press that it was decided to set up a separate office in Tokyo "only reluctantly and in keeping with dire necessity" and that this for the time being is also considered only as an experiment with a time limit on it.

Prior to the German-Japanese entrepreneur conference held in Tokyo on Good Friday, it was especially the heavy-engineering sector which the German side had held up as a model for a practically complete liberalization of access to the market in Japan although access to the market is often reportedly particularly difficult for German heavy-engineering outfits which in many cases are only medium-sized. This is precisely why the operation of an association office in Japan was to be something quite natural and should have been done much sooner. Other associations should follow the example of the VDMA. In talking to SUEDEUTSCHE ZEITUNG, DIHT (Federation of Chambers of German Industry and Commerce) President Wolff von Amerongen commented that, as the next step, he could visualize the German electrical industry being represented in Japan by an association office to observe developments on that market.

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CSO: 3620/300

MAJOR CORPORATIONS ANTICIPATE EXPORT SUCCESSES IN JAPAN

Munich SUEDEDEUTSCHE ZEITUNG in Germany 28/29 Apr 84 p 33

[Article by Gebhard Hielscher: "Confidence in the Lion's Den"]

[Text] From the very start, the German achievement show was not designed as a trade fair. Its main purpose was to provide the German economy the opportunity to present itself in order to demonstrate to the Japanese its capabilities, its broad selection, its competitiveness and high level of technical innovation and production quality. For the large enterprises, the emphasis was on advertising general goodwill, while the medium-sized and smaller businesses sought to promote specific products or product lines.

Not Only Steel

The typical example of a major company is Thyssen which, in the past, has been almost exclusively known in Japan for its steel products, although last year steel and high-grade steel made up only about 30 percent of total sales.

In 1983, Thyssen shipped about DM 10 million worth of steel and steel related products from the FRG to Japan (in addition to raw materials such as coal and scrap from North America), and in 1982, primarily machine tools for the automobile industry for a total of about DM 12 million. It expects to just about double its German exports to Japan to DM 20 million in 1984, including again a considerable number of machine tools for the auto industry. In the long run, Thyssen wants to boost its German exports to Japan at least tenfold, to a total of DM 200 million to 300 million a year, as Heinz Kriwet, board chairman of Thyssen Stahl AG and board member of Thyssen AG, stated in Tokyo. Thyssen isn't only going to look for niches in the Japanese market, he said, but will aggressively compete with Japanese firms in their home market.

Thus, Thyssen considers itself competitive, both in terms of technology and prices. Kriwet cited as examples the Thyssen-developed method of form casting which permits the cost-effective high-quality manufacturing of products, weighing up to 500 tons, for the construction of major installations (such as heavy turbine rotors or pressure tanks), in addition to flexible production systems for the auto industry (for the mechanical processing of pieces and for welding and shaping),

front axles for heavy trucks and crankshafts for passenger cars as well as noncorrosive steel sheets, also for the automobile industry. He noted that in this area his company is the technological leader and price-competitive, despite freight costs, since Japanese steel prices are significantly higher than those of the FRG. To be sure, a first attempt to penetrate the Japanese automobile market by way of body sheet metal failed some time ago because of the stronger relations between the truck manufacturer Hino and his traditional Japanese suppliers. However, since then, Thyssen has been able to be accepted by a Japanese truck manufacturer as supplier of fire-aluminized noise-absorbing sheets. Completion of a similar agreement with another truck manufacturer is imminent. In the railroad technology area--both with regard to the traditional wheel-rail system and the magnetic railroad technology, where Thyssen is much more advanced than the Japanese--, Kriwet sees good opportunities in the Japanese market.

Opportunities in Environmental Protection

In contrast to Thyssen who imported more goods from Japan in the past than it exported there, Krupp's trade balance with Japan is balanced or even positive: annual exports amounted to about DM 60 million compared to imports of between DM 50 million and 60 million. In addition, the Krupp concern earned some DM 5 million from licenses to Japanese companies. As Chairman of the Board Wilhelm Scheider pointed out in Tokyo, Krupp sees new market opportunities in Japan for equipment to remove nitrogen and sulfur from flue gas for use in coal power plants, for coal processing to convert coal into liquid or gaseous energy carriers, also for loading and unloading equipment for port facilities from Krupp's industrial technology division, simulation equipment to train power plant personnel from the electrotechnical division of Krupp-Atlas, and newly developed rolling mills and foundries for copper and steel wire as well as for high-grade steel. For possible broad application in machine construction, food processing, the auto industry or in shipping, Krupp is offering equipment. control and production systems for which they see a market in Japan. The company is planning to strengthen its current distribution system in Japan, where subsidiaries have been in operation for many years, possibly through entering into joint ventures with Japanese companies.

The Mannesmann AG has been working in Japan for about 100 years; in the meantime, the focus of its exports has shifted from installations to technical knowhow. Mannesmann has granted almost 1,200 patents to Japanese firms. From the export of products to Japan, Mannesmann earns about DM 35 million a year. Two 50:50 joint ventures with Hitachi Zosen in the area of metallurgical engineering and of compressor projects and a 25 percent participation in a medium-sized Japanese manufacturer of oil hydraulic systems provide direct market access. "We believe we have to strengthen the quality of our presence in Japan," that was also the opinion of Franz Josef Weisweiler, Mannesmann chairman of the board, in Tokyo. But how to accomplish this, this apparently is still completely unresolved. Instead of concrete concepts, one hears abstract complaints about the Japanese. Among the major firms represented at the trade show, Mannesmann seems rather listless.

Close Scrutiny of Reactor Technologies

Siemens, on the other hand, has used the trade show as an opportunity to conduct a fundamental review of its currently not insignificant, but clearly expandable economic relations with Japan and to search systematically for new market opportunities. The house of Siemens, which also has been active in Japan for over 100 years, exported DM 237 million worth of goods to Japan in 1983 and, including its local production, sold products totalling DM 372 million in Japan. Imports from Japan reached DM 414 million. With sales of about DM 200 million, the emphasis of Siemens in Japan is in the medical area. In that sector, Japan is Siemens's third largest market after the U.S. and the FRG. Apart from the most advanced medical technologies--such as the nuclear spin tomograph, a follow-on technology to X-rays but without their physically harmful X-rays--, Siemens wants to enter the Japanese market via new telephone equipment (efforts are currently underway to obtain the necessary production permit through NTT, the domestic monopoly). Also, it is planning to set up facilities for the production of halogen lamps by its Osram subsidiary, first for use in automobiles, later perhaps for household use. The relatively complex production technology is as yet unknown in Japan. To make such efforts profitable, it would be necessary to produce a minimum of 6 million lamps a year; this would require an investment of about DM 12 million. Siemens is planning a step-by-step approach and will limit its initial production to 3-4 million lamps a year.

Similarly, the Siemens subsidiary KWU has growing hopes to achieve a breakthrough in the Japanese market by way of German reactor technology, after the result of a first safety study, funded by Tokyo's electric power company (Tokyo Denryoku or Toden, in brief) and completed last October, was positive. The contract for a second study to examine the commercial profitability was recently awarded. It extends over a two-year period and is also being financed by Toden. Participants in this project, besides KWU, are the Japanese firms Hitachi, Toshiba and Fuji. In the past, all commercial nuclear power plants in Japan were built with U.S. technology.

Cooperation in Space

Another large company with good prospects for significant expansion of its commercial relations with Japan is Messerschmitt-Boelkow-Blohm (MBB). Based on a 1977 cooperative agreement, MBB has developed, jointly with Kawasaki Heavy Industries, the multipurpose helicopter BK 117, of which 56 have so far been sold worldwide, at DM 3 million per helicopter depending on the installation of optional equipment. In the area of space travel, particularly close relations exist with Mitsubishi Electric and, in addition to Ihi, the Itoh Trading Company, as well lately with NTT and NEC. That involves the possible cooperation in developing a 60,000-channel communications satellite NTT wants. That technology is not yet available in Japan. Also under discussion is the possible cooperation in space during the German Spacelab mission (code D 1) scheduled for 1987; this includes among others Japan's state aerospace organization NASDA.

MBB chief Hanns Arnt Vogels was very reticent to talk about his contacts with Fuji Electric concerning defense technologies. As for the possible civilian application of military technologies, MBB has just been able to sign a licensing agreement with the Kubota company for vacuum super-insulations, particularly for use in long-distance heat conduction. Vogels also sees a possible Far Eastern market for solar, wind or biogas-powered energy systems, as well as for photo-voltaic systems. His company is also maintaining contacts on transportation technologies, for both surface transportation (e.g., glass fiber and carbon technologies) and the magnetic suspension railway (Transrapid), for which MBB is the consortium leader. Major market opportunities are foreseen for the medical Medidas laser, several of which have already been shipped to Japan (many to the U.S.). A second report on market opportunities in Japan will follow.)

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CSO: 3620/302

LAMBSDORFF CLAIMS JAPANESE TRADE CONCESSIONS INADEQUATE

Tariffs Lowered, Quotas Raised

Munich SUEDEDEUTSCHE ZEITUNG in German 28/29 Apr 84 p 83

[Text] Tokyo (AP)--On Friday, the Japanese government announced a new package of measures aimed at opening a domestic market for imports, including customs duty reductions and higher quotas for farm products. Prime Minister Yasuhiro Nakasone on that occasion urged Japan's trade partners "to give proper appreciation" to the Japanese initiative and, on their part, to reduce their protectionism.

This is the fifth time in 2 1/2 years that the Japanese government has tried to resolve the continuing trade-policy differences with the EC and the United States by easing trade conditions for industrial and farm products as well as in the service sector.

In the opinion of observers, the Japanese government wants to counteract any possible criticism at the international economic summit planned in June in London with the help of its most recent decisions. Some of the measures contained in the package--such as the increase in beef import quotas and the opening of the telecommunications markets--had been announced earlier.

High Surpluses

Last year, Japan had a surplus of \$18.1 billion in trade with the United States while it recorded a surplus of \$10.4 billion in trade with the EC. The customs duty reductions, which are to take effect as of 1 April 1985, cover 62 articles, including alcoholic beverages and paper products. Moreover, customs duties on about 1,200 articles are to be reduced prior to the deadline agreed by the so-called Tokyo Round. The customs duty reductions on farm products will be moved up by one year while those for industrial products will be moved up 2 years.

Import quotas for high-grade beef and oranges will be increased in accordance with an agreement entered into with the United States early this month. Import restrictions on processed pork, concentrated fruits, and tomato paste will be dropped and import quotas for peanuts and various types of beans will be raised.

The government confirmed its basic policy of permitting the import of foreign telecommunications satellites both in the private and in the public sector, to the extent that this does not impair domestic satellite development. The new measures by the way also include the streamlining of the standard examination procedures for foreign importers and patent protection for computer software. The package does not contain specific measures to open up the Japanese money markets and for greater "internationalization" of the yen. Such specific steps have been hinted at for the future. The government wants to use foreign investors in an advisory capacity.

As was furthermore announced in Tokyo, the Japanese performance balance for FY 1983-84 (as of 31 March) closed out with a record surplus of \$24.77 billion. According to Finance Ministry statistics this is three times the figure compared to the year before; in 1982-1983, the surplus was \$9.135 billion. The past record of \$13.996 billion dates back to the year 1977. The balance of payments for 1983-1984 was closed out with a surplus of \$3.415 billion, following a deficit of \$1.988 billion the year before.

Disappointment with Japanese Measures

Munich SUEDEUTSCHE ZEITUNG in German 2 May 84 p 45

[Text] Tokyo (in-house report)--Prior to his departure for Tokyo--where he conducted talks with the Japanese government and inaugurated the German performance show in Japan in 1984--Federal Minister of Economics Count Lambsdorff welcomed the package of specifically goal-oriented measures adopted last week for the purpose of further opening up the Japanese market; but at the same time he expressed his disappointment at the, in his opinion, completely inadequate content of the measures, in unusually clear language. Beyond that he called for the full opening of the Japanese capital market, liberalization of the money market in Japan, and an international role for the yen in keeping with the strength of the Japanese currency and economy.

The federal government, Lambsdorff stated on the grounds of the Tokyo performance show, welcomes the decision adopted by the Japanese government to come out with an additional package of specifically goal-oriented measures

aimed at opening the Japanese market in order thus to counteract the existing imbalance in trade relations. The package touches a series of points and announces measures "which are interesting for us," the minister said and, as examples, he mentioned the ahead-of-schedule customs duty reductions of the Tokyo Round, several quota increases in the farm sector, a series of additional simplifications for standard and examination procedures, as well as the opening of the market in the high-tech area.

Controversial Discussion

Lambsdorff however expressed regret that almost all measures are to take effect only after a time delay. Besides, some questions were not answered from the German viewpoint. By way of example, the minister mentioned copper, menthol, leather, and leather processing. But above all Lambsdorff-raised the question as to whether this kind of package of measures could at all be sufficient to terminate the continuing pressure of Japan's trade partners and a discussion which on the whole was not a matter for rejoicing. He expressed the fear that the answer to that question could not turn out to be particularly confident. In view of the continuing rapid increase in deficits, Lambsdorff does not believe that the current decisions will be sufficient to prevent very serious and partly also controversial discussions in the Council of Ministers or the OECD and at the world economic summit. The federal government's position of always, on all levels and in all organizations, again and again advising against import restrictions is likewise not being strengthened in a sufficiently lasting manner. This applies, for example, to Bonn's position in the EC.

In the minister's words, moreover, the fact that no decision has as yet been made about the opening of the Japanese finance and capital market and that the integration of the strong Japanese economy into the world's economy will be further delayed, will produce disappointment not only in West Germany but everywhere else. The federal government considers it to be indispensable that the Japanese yen--one of the world's strongest currencies--must assume its international role on the capital and finance markets, such as this has been done for a long time, for example, by the American dollar, by the DM and by the Swiss franc. What is wanted is the full opening of the capital market, such as it also exists in the FRG, and an unhindered Euro-yen market.

Brussels Also Warning

In Brussels, the EC Commission welcomed Japan's most recent steps aimed at opening the market. Like Japan's earlier liberalization measures, they expressed the desire for the gradual internationalization of Japan's economy. But the Commission pointed out that the EC is affected by these measures

only to a limited degree and that one cannot yet look forward to a thorough improvement of the balance in trade relations between the EC and Japan. The customs duty reductions announced by Japan involve about 2 percent of EC exports. The Commission expressed its satisfaction with Japan's efforts to adapt regulations and practices connected with standardization, the issue of certificates, and testing procedures to the international rules. The Brussels authority is now waiting for the steps announced by the Japanese regarding the liberalization of the finance market and the internationalization of the yen.

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CSO: 3620/301

DEPARTING FOREIGN WORKERS FACE ECONOMIC, CULTURAL PROBLEMS

Hamburg DIE ZEIT in German 11 May 84 p 38

[Article by Petra Lehnert: "One-Way Trip--For Turks, Disbursement of Pension Claims is a Dubious Deal"]

[Excerpt] In the opinion of social consultant Suzann-Painli from Nuernberg, the term "return assistance law" is a complete misnomer. "Surely one cannot talk of assistance if people are forced to ruin their old-age pension," she says. For many Turks the premature disbursement of pension claims is not genuine assistance but a dearly bought possibility of mastering problems over the short term here and now. If anything, one can speak of assistance for the pension funds, which are absolved from obligations over the longer term.

The return assistance laws has been in effect since October and is valid for one year. Foreigners, primarily Turks, leaving the Federal Republic during this 12-month period no longer have to wait two years for disbursement of their pension contributions.

To be able to make payments to the anticipated 50,000 applicants, the responsible Land insurance companies have to make DM 680 million available. Over the longer term, however, the pension funds will profit richly from the departing Turks. Employers' contributions will remain in the pension pot--a welcome contribution to putting German pensions on a sound footing. For the Turks it would have been better if they had put their pension contributions into a savings account. The interest might have helped to offset the devaluation of the money. Now their contributions being reimbursed are of course worth less than they were 10 years ago. So their money has represented a no-interest loan to the German pension fund.

Actually the Land insurance companies are saving even greater amounts. The Citizens' Initiative of Foreign Workers in Hamburg illustrates this with the following example. A foreigner has worked in the Federal Republic for 11 years, contributing DM 23,000 in pension contributions. He retires at age 63, receiving a pension of DM 650 a month. If he gets to be 75 years old, he will have received about DM 100,000. If, however, he now decides to return to his homeland and his pension contributions are reimbursed to him, all he gets back is DM 23,000. (The pension institute, however, loses interest as a result of the premature payment.)

Advisory bureaus in the Federal Republic and the government in Ankara are advising all concerned against forgoing their old-age security. But many have no choice.

The actual return assistance--DM 10,500 for the departing worker and DM 1,500 for each child--is received only by a small percentage of those leaving. The prerequisite is that the worker has lost his job as a result of bankruptcy or shutdowns, or has worked short hours already for 6 months prior to dismissal. Further, the Turkish workers must leave at once. For each month they postpone doing so, DM 1,500 is deducted. The conditions attached to return assistance leave no doubt that the Turkish workers' claims to unemployment insurance and children's allowances are being bought off. In this case too, the German authorities save money if as many Turks as possible leave at once.

But a sudden departure causes some problems. Children have not finished their school year. Housing leases contain a provision for 3 months' notice. The move to Turkey must be organized and costs money.

The few Turks who can draw return assistance are fortunate. Recently these payments have been disbursed in advance by the Labor Office. The money from the repayment of pension contributions, however, is generally not received until they have returned to Turkey and is not disbursed until the border-crossing documents are sent to Germany.

Many Turks do not know how to finance their move. They are ideal victims for loan sharks. The only Federal Land to have rendered any aid so far is Baden-Wuerttemberg. There pension claims are satisfied through low-interest loans.

Turks who decide to return home often find out to their chagrin that they are not received with open arms by any means. Since 1982 more Turks have returned to the Bosphorus than have migrated to the Federal Republic. The Turkish Government is regarding the stream of those returning with concern, for it means that while unemployment in the Federal Republic is dropping it is increasing in Turkey. Moreover, the foreign currency transmittals so important for a country in such great debt fall by the wayside.

For the "German Turks" the prospects of finding a job generally are even worse than for their compatriots. Turkish employers dislike engaging people who tell their fellow workers about unions, labor protection laws and high wages. It causes unrest in the enterprise.

This would leave the road to self-employment--with the help of the small amount of capital from the pension fund. But most foreign workers lack all prerequisites for running a business. They have no kind of business knowhow and moreover have far too little information about the opportunities and risks of Turkish markets. Most attempts to build up something of one's own are therefore doomed to fail.

The Heidelberg Integration/Reintegration Working Group is trying to remedy the situation. On the basis of his experience, Dietrich Tuengerthal, the director of the group, reports that only 18 percent of those seeking counsel have taken tangible steps for preparing to build an existence for themselves in Turkey. For most, the return home is a journey into the unknown.

Yet, despite all difficulties, about 10% of Turks living in the Federal Republic have decided to leave. And they have not done so because they hope to become rich as a result of the premature pension payment. Some found themselves in straits, while others had ceased to feel comfortable here. The Isoplan Institute for Development Research and Economic and Social Planning in Saarbruecken polled about 600 Turkish heads of families in 1982 about their intentions to return. The desire to leave the Federal Republic is decisively affected by a longing for their families and the increasing xenophobia.

In addition, many Turks are made to feel insecure by the fact that the return assistance law is limited in time. Minister Bluem has left no doubt that it is not to be extended. And what will happen then, some ask anxiously. Might even the drawing of unemployment insurance become sufficient grounds for deportation, or will foreigners perhaps even have to leave without any compensation after the law runs out? Many do not want to wait and see whether such fears and rumors will materialize. They prefer to pack their bags now.

The "Guests" Leave
Foreign Workers, as of 30 September

Key:

1. Year
2. Total in thousands
3. Percentage of employed workers
4. Including
5. Italians
6. Greeks
7. Spaniards
8. Turks
9. Portuguese
10. Yugoslavs
11. In thousands
12. As of end of June 1983

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CSO: 3620/309

RISE IN ELECTRICITY CONSUMPTION IN 1983

Zurich NEUE ZUERCHER ZEITUNG in German 11 May 84 p 17

/Text/ Electric power consumption is again rapidly increasing according to the Federal Electric Power Industry Association. Electricity consumption is moving ahead of the gross national income, while the total energy consumption seems to stagnate, after the decrease of the past years. The Power Association sees in this a confirmation of the thesis of progressive substitution of other energy sources by electric power, a thesis which is current abroad, debated within Austria, and vehemently opposed by the "Green-Alternatives" in all parties.

Critics In the Background

As a whole the electric current consumption in Austria increased in 1983 by 1.5 percent after a 1.6 percent increase during the previous year, while the real gross domestic product increased by 1.9 (1.1) percent and the total energy consumption decreased by 1.2 percent (2.7 percent); it thus even fell below the levels of 1973 and 1977, (914 and 913 Petajoules). The first increases of electric power consumption of 6.2 percent were measured in the last quarter of 1983, after decreases of 3.1 percent. During the 1st quarter of 1984 electric power consumption increased by 8.2 percent, and in April it increased by 7 percent. In this comparison the mild winter and the weak economy at the beginning of last year and the data to the contrary at the beginning of the current year must be considered. The electric power industry thus sees the accusations of its critics weakened, which said that the projections of demand, on which power plant construction is based, over estimated the actual course of development of current consumption. In fact one should consider an actual consumption increase for 1984 of 4 to 4.5 percent, while the presently valid 10 year coordinated development program is based on a growth rate of 3.2 percent. This rate will now, in the impending program revision, be decreased to 3.1 percent, based on the lower increase of consumption in 1983.

The chairman of the board of the Electric Power Industry Association, Fremuth, therefore took the position that the critics of the electric power industry "based all their discussions regarding further power plant construction on completely false assumptions." It is however a fact that no construction permits exist for any of the power plants which are to be built under the coordinated construction program. It also still is an open question whether there will be followup employment at the planned and most powerful Hainburg plant near the

Slovak border after work on the Greifenstein plant above Vienna comes to an end. Work on this project was supposed to start already a month ago. Right now approval is still stuck at the local government level (first stage of environmental protection).

Mixed Fiscal Balance

From a financial standpoint 1983 was not a real pleasure for the members of the Power Association. Dry conditions during the second half of 1983 reduced water power generation capability. Deficits and increases of demand were largely met by imports, to a lesser extent by purchases from the state power companies. Additional expenses, together with the interest payments on foreign capital, at very high interest rates, reduced the gross surplus from 819 million schilling to 293 million schilling and the cash flow from 861 million to 646 million schilling. The earnings statement showed a net loss of 3 million schilling, which increased the loss carryover to 1.2 billion schilling. This still is covered by reserves of 1.6 billion schilling. During 1982 the Power Association showed a net profit of 71 million schilling as consolidated returns. Financing requirements for 1983 amounted to 13.9 (15.3) billion schilling, of which 9.2 (9.6) billion were used for investments, the remainder to pay off loans. The self-financing share was 23 (22) percent. For the current year the financing requirement will be about 14 billion schilling, 9.6 billion schilling of which will be used for investments.

The total Austrian public electric power industry had 41.9 billion kWh available in 1983, of which 68 (70) percent was derived from water power, 21 (22) percent from thermal power, and 10 (7.6) percent from imports. Imports, amounting to 4.4 billion kWh were 40 percent greater, exports of 7.9 billion kWh only by 6 percent greater than in the previous year. The Power Association had in 1983 an electric power export deficit of 2 billion schilling, the whole public power industry had a deficit of 5 billion schilling. Total electric power delivery to domestic consumers amounted to 33.6 (33.1) billion kWh.

Preparations For the Inn (River) Border Plants

According to the most recent business report of the Power Association an Austrian-Swiss study consortium for the Inn power plants /GKI/ has started work. During October there were water rights discussions on the Austrian side, while in Switzerland there were discussions for plans for concessions on water rights by the municipalities. Several studies are under way to prepare for the environmental legal process in the Tyrol. State treaty proposals were prepared by both Austrian and Swiss participants; the proposals will form the basis for interstate treaty discussions.

According to the Power Association, three power plant sections are planned: a main section, the Stillerbach section, and the Schalkbach section. Together they will have a capacity of 514 million kWh per year with a total power of 130 MW. The total cost will be about 5 billion schilling, based on 1982 prices. Costs will be divided between the Power Association, the Tyrolean Water Power Works (Tiwa) and the Engadin Power Plants AG, based on the power consumption. The distribution key will be calculated separately for each section, based on individual shares at the border sections.

FINNISH FIRMS CAUTIONED ON EXPECTING NORTH NORWAY 'OIL BOOM'

Helsinki UUSI SUOMI in Finnish 7 Apr 84 p 3

[Article: "Northern Norway Oil Boom Is Delayed; Finns' Attention Focused on the South"]

[Text] Finns' dreams of participating in Northern Norway oil exploration have proven to be overly optimistic. A Trade and Industry Ministry committee which has studied the matter has reached conclusions that are particularly shattering from the standpoint of Northern Finnish businessmen.

The oil deposits that have been discovered are too small to initiate production in the near future, competition will be especially fierce and Northern Finnish companies in particular have neither the know-how, experience nor are they prepared to engage in export activities.

After studies that lasted a year, the committee headed by Gov Asko Oinas has reached conclusions which may be interpreted as a message to forget great hopes of obtaining Northern Norway oil for at least 10 years to come as far as Finnish businessmen are concerned. It is possible that production in northern maritime areas will begin before then on the Soviet side of the Barents Sea area.

Good Communications in Finland

There are good communications in Finland.

A well-developed infrastructure and good communications in comparison with those linking them with Northern Norway weigh heavily in the balance for Northern Finnish companies. The committee has decided that a free, skilled labor force is also abundantly available.

When and if oil and natural gas operations in Northern Norway are expanded, they will be confronted with an overdemand for labor and services.

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